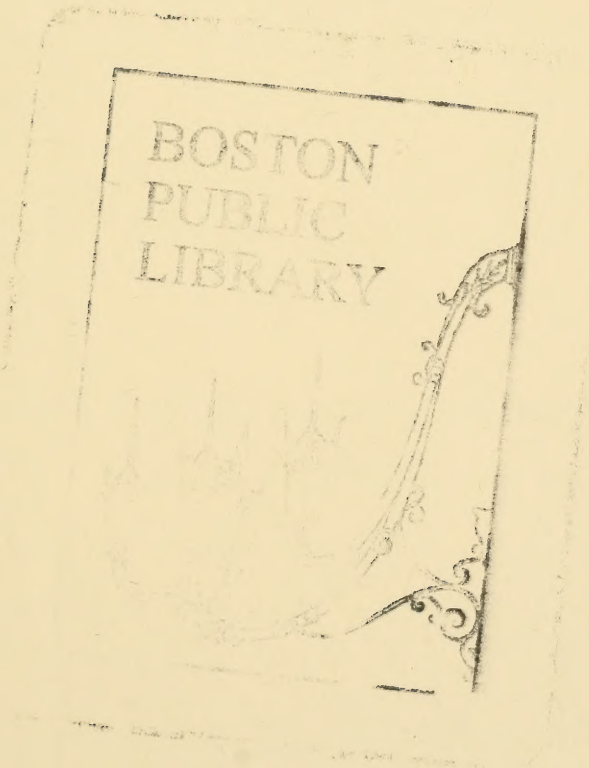
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100th Congress — 1st Session • January 6–December 22, 1987

Senate Report

No. 216

IRAN-CONTRA INVESTIGATION

APPENDIX A, VOLUME 2

SOURCE DOCUMENTS

United States Congressional Serial Set

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Washington : 1989

Union Calendar No. 277

100th Congress, 1st Session

S. Rept. No. 100-216 H. Rept. No. 100-433

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix A: Volume 2
Source Documents

Daniel K. Inouye, *Chairman*,
Senate Select Committee
Lee H. Hamilton, *Chairman*,
House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix A to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
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Warren B. Rudman
Vice Chairman

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U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix A to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix A consists of the Source Documents cited or referred to in the footnotes and other references of the Report. All contents of Appendix A have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman

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United States House of Representatives

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Contents

Note to Reader:

This volume contains certain source documents cited in the footnotes to the Report. These documents are grouped by chapter and labeled according to their chapter and footnote numbers.

Source documents that are available in the *Hearings* and *Deposition* volumes, from public sources, still classified, or otherwise unavailable are not included.

The Preface explaining the various types of documents in this volume begins on p. xiii.

Preface

This volume contains much of the documentary evidence—letters, memorandums, transcripts of telephone calls, and other materials—that underlies many of the factual statements made in the *Report of the Congressional Committees Investigatinq the Iran-Contra Affair.* The *Report* is a joint publication of the House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. The complete database for all factual statements made in the *Report* and referenced in its footnotes consists of the following:

- Source documents, contained in this volume.
- Published sources, referenced in the footnotes of the *Report* but not reprinted by the two Select Committees.
- Hearings before the two Select Committees, which are published separately in 11 volumes as the *Iran-Contra Investigation: Joint Hearings of the House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition,* 100th Cong. lst Sess. (1987).
- Depositions taken by the two Select Committees, which are published as *Report of the Congressional Committees Investigating the Iran-Contra Affair, Appendix B: Depositions,* H. Rept. No. 100-433, S. Rept. No. 100-216, 100th Cong., lst Sess. (1987).
- Exhibits prepared by the Select Committees or by witnesses or other persons and submitted for the record. All exhibits mentioned in the *Hearings* and most of those referenced in the *Depositions* are contained in those respective volumes.

Explanations follow of: source materials found in this volume; testimony; depositions; exhibits; interviews; published sources; and abbreviations, acronyms, and initials

Major Source Materials

The Select Committees relied heavily on sworn testimony and documentary evidence in compiling their final *Report.* Brief descriptions of the major sources appear here, and more detailed descriptions of some of the sources follow later in this Preface.

Testimony: Sworn testimony (testimony taken under oath) consisted of two kinds. Testimony taken in the joint hearings is referred to as "Test." in the footnotes, and testimony taken as depositions is referred to as "Dep." in the footnotes. Fuller explanations of these kinds of testimony appear below.

Documents: In most cases, miscellaneous documents referred to in the footnotes are published in this volume. Usually a Bates identification number appears in the footnote, e.g., N 2816. The identification number will assist researchers

who wish to find the complete original document in the Select Committees papers stored with the National Archives and Records Administration. Access to Select Committees papers is subject to the respective rules of the House and Senate.

Interviews: Select Committees' staff interviewed a number of people on an unsworn basis. Most interviews were summarized in memorandums. The memorandums of the interviews referred to in the footnotes of the *Report* are stored with the National Archives.

PROF Note: These Notes were computerized interoffice messages carried over the White House's Professional Office Services system. National Security Council staff were provided with equipment to send and receive PROF Notes in their offices and in some cases in their homes. In many instances, messages sent over the PROF system were archived in White House computers and were retrieved by White House personnel and provided to the Select Committees. Footnote references to PROF Notes include the date and time (in military time) and the Bates document identification number. Most PROF Notes referred to in the footnotes are published in this volume.

KL-43 Messages: These messages were sent over telephone lines through use of a computerized instrument that encrypted the message at the sender's end and decoded it at the receiver's end. The system was portable and could be carried to remote locations. Most KL-43 messages referenced in the footnotes are published in this volume.

Israeli Historical Chronology: The Iranian Transactions—A Historical Chronology. The Committees entered into an agreement with the State of Israel whereby Israel agreed to prepare and provide a historical chronology detailing the role of Israel and individual Israelis in the Iran initiative from 1985 through 1986. Israel was unwilling to waive its privileges of State secrecy and sovereign immunity and permit its officials and citizens to be questioned by the Committees. In lieu of interviews or testimony, and without waiver, Israel agreed to conduct interviews of Israeli nationals and reviewed certain documents. With the specific agreement of the Government of Israel, information from the Israeli chronologies is used in this Report. By agreement between the Committees and the Government of Israel, the chronology remains classified.

Part I covers Israeli shipments of arms to Iran from August 1985 through November 1985. Part II covers U.S. arms shipments and Israeli participation in the arms transaction from December 1985 to the time of disclosure in November 1986. The Select Committees received Part II in July 1987, after public hearings were under way.

Israeli Financial Chronology: A Financial Chronology of the Iranian Transactions (April 26, 1987). At the request of the Select Committees, the Israeli Government also agreed to prepare from unsworn interviews of Israeli citizens a financial chronology. The document covers the money trail leading from the initial Israeli arms shipment to Iran in August 1985. By agreement, the document remains classified.

Other Source Documents

Tower Report: On December 1, 1986, President Reagan established the President's Special Review Board to examine the role of the National Security Coun-

cil staff in national security operations, including arms transfers to Iran. The Board consisted of John Tower, Chairman, Edmund Muskie, and Brent Scowcroft. The Board and staff interviewed numerous individuals in and out of the Federal Government, but did not have authority to issue subpoenas or compel testimony. The Board issued its report—an examination of NSC operations, a narrative of the Iran-Contra Affair, and recommendations—3 months later. The full title is *Report of the President's Special Review Board,* John Tower, Chairman (Washington: Government Printing Office, February 26, 1987).

Tower Interviews (sometimes referred to as Tower Testimony): The Tower Board conducted unsworn interviews with 53 individuals. These people included former Assistants to the President for National Security, National Security Council Members, former Presidents, and Central Intelligence Agency employees. Interviews cited in the Report but not appearing in the *Source Documents* volume are filed with the Committees' papers at the National Archives.

Hearings

The Select Committees held 44 days of joint hearings and questioned 28 witnesses publicly. Public hearings began May 5, 1987, and ended August 3, 1987. Four witnesses—Central Intelligence Agency employees—testified in executive session. House Reporters transcribed all proceedings and the Senate Recording Studio videotaped them. Two television networks, Cable News Network and C-SPAN, televised all the public hearings. Individual public television stations, ABC, CBS, and NBC broadcast portions of the hearings.

Every witness testified under oath either in response to a subpoena or an invitation or voluntarily. Legal counsel accompanied most witnesses. The enabling legislation empowered the Select Committees to compel testimony over fifth amendment objections by granting use immunity. Once the Select Committees obtained a court order, they could immunize witnesses against the use of their testimony in criminal prosecutions. Thus, any statements or admissions made by witnesses granted use immunity could not be used in a subsequent criminal proceeding, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order. The Select Committees granted use immunity to about 20 witnesses.

Committees Members, in consultation with Chief Counsels and staff, identified and selected witnesses and then developed specific lines of inquiry. At the hearings, questioning was led by attorneys from either the House Select Committee or the Senate Select Committee, depending on a prearranged division of witnesses. Both House and Senate Members pursued followup questions.

Original, hand-corrected transcripts, from which the published *Hearings* volumes were produced, have been filed by the Committees in the National Archives.

Depositions

The Select Committees, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents also received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape recorded and later transcribed and authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In the *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents at the National Archives, and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions,* totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Exhibits

Exhibits—personal papers, office memorandums, correspondence, corporate records, and miscellaneous documents—were an important source of information for the Select Committees. The Select Committees obtained some exhibits voluntarily, others through Committee-issued subpoenas. Primary sources for these exhibits were the White House, Department of State, Department of Defense, Central Intelligence Agency, Department of Justice, other Federal Government offices, and private parties.

During hearings, 1,092 exhibits were introduced, most often by the Select Committees. Occasionally, witnesses or deponents produced exhibits.

Exhibits presented during hearings are reproduced at the back of the *Hearings* volumes. Selected exhibits appear in the *Depositions* volumes at the conclusion of the relevant witness' statement. Some exhibits—extensive corporate records, for example—are not published in their entirety, but are stored in the Select Committees' records in the National Archives.

Like the testimony and depositions they accompanied, exhibits had to be reviewed by the White House Declassification Committee. Some exhibits remain classified and will not be published.

Interviews

Interviews were used to gather information, identify potential deponents and hearings witnesses, and explore new areas of investigation. Committee investigators, working individually or in teams, conducted most of the interviews. Interviewees were not subpoenaed and many volunteered information. Investigators interviewed, rather than deposed, individuals who had limited information or who were living in remote parts of the world. For instance, investigators conducted numerous telephone interviews with persons in Central America. In most cases, interviewees were not accompanied by counsel.

Investigators took notes of or recorded interviews and later summarized them into report memorandums. Report memorandums are not published in this volume; they have been deposited in the National Archives.

Published Sources

The Select Committees drew on both unpublished and published sources in preparing their final *Report.* Published sources (magazines, newspapers, books, Federal Government publications, and law journals) are not included in the *Source Documents* volume because they are available at libraries. They are listed here to indicate to readers and researchers the scope of the Select Committees' source materials. These sources are cited in the *Report* footnotes according to *A Uniform System of Citation* (Harvard Law Review Association, 14th Edition).

Magazines

Congressional Quarterly Almanac 1984
Journal of Intelligence and Counterintelligence
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The New Republic
The Public Interest
The Washingtonian
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Congressional Research Service Report
Constitution of the United States
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Hearings of the House Permanent Select Committee on Intelligence
Hearings of the Senate Select Committee on Intelligence
House Permanent Select Committee on Intelligence, Subcommittee on Legislation
House Report 122, 98th Congress, lst Session
Intelligence Authorization Act, Fiscal Year 1984
Public Law 97-377, Defense Appropriations Act for Fiscal Year 1983
Public Papers of the President of the United States, Jimmy Carter
Public Papers of the President of the United States, Ronald Reagan
Report of the National Bipartisan Commission on Central America, Henry Kissinger, Chairman
Select Committee on Intelligence, Senate Report No. 665, 98th Congress, 2nd Session
Senate Select Committee to Study Governmental Operations, Final Report
State Department Bulletin
U.S. Departments of State and Defense, The Challenge To Democracy in Central America
U.S. Government Accounting Office, Report of the Chairmen, Senate and House Select Committees Investigating Iran Arms Sales, "Iran Arms Sales: Department of Defense Transfer of Arms to the CIA"
Weekly Presidential Documents

Law Journals

American Journal of Jurisprudence
Publius
Texas Law Review
Vanderbilt Journal of International Law
West Virginia Law Review

Abbreviations, Acronyms, and Initials

Sources and footnotes in the *Report of the Congressional Committees Investigating the Iran-Contra Affair* often appear with the initials of individuals and acronyms and abbreviations of agencies, organizations, and other groups. The following list provides the full names for these shortened forms.

AECA:	Arms Export Control Act
AET:	A.M., Eastern Time
AH:	Albert Hakim
BG:	Code name for Oliver North
BGS:	Bretton G. Sciaroni
B. Sun:	Baltimore Sun
C/CATF:	Chief, Central American Task Force, Central Intelligence Agency
C.F.R.:	Code of Federal Regulations
CG:	Clair George
CIA:	Central Intelligence Agency
CINN:	CIA Document Control System
CJC:	Charles J. Cooper
C/NE:	Chief, Near East Division, Central Intelligence Agency
Comp. Gen.:	Comptroller General of the United States
Cong. Rec.:	Congressional Record
CSF:	Compagnie de Services Fiduciaries
CWW:	Caspar W. Weinberger
DCI:	Director of Central Intelligence
DCM:	Deputy Chief of Mission, U.S. Embassy
DC/NE:	Deputy Chief, Near East Division, Central Intelligence Agency
DDCI:	Deputy Director of Central Intelligence, Central Intelligence Agency
DDO:	Deputy Director of Operations, Central Intelligence Agency
DEA:	Drug Enforcement Administration
Dep.:	Deposition taken by the Select Committees
DIA:	Defense Intelligence Agency
DOA:	Department of the Army
DOD:	Department of Defense
DRC:	Duane (Dewey) R. Clarridge
DTR:	Donald T. Regan
EA:	Elliott Abrams
EATSCO:	Egyptian American Transport Company
EM:	Edwin Meese, III
Fed. Reg.:	Federal Register
FH:	Fawn Hall
FIR:	Felix I. Rodriguez

FY:	Fiscal Year
GPO:	Government Printing Office
GPS:	George P. Shultz
HPSCI:	House Permanent Select Committee on Intelligence
H. Rep.:	House of Representatives Report
H. Res.:	House Resolution
Int.:	Interview
JCS:	Joint Chiefs of Staff
JKS:	John K. Singlaub
JMP:	John M. Poindexter
KL-43	A device for sending secure telephone messages
LAT:	Lewis A. Tambs
NHAO:	Nicaraguan Humanitarian Assistance Office
NSC:	National Security Council
NSDD:	National Security Decision Directive
NSPG:	National Security Planning Group
OEOB:	Old Executive Office Building (also called EOB)
OLN:	Oliver L. North
OSG:	Operations Sub Group
PROF:	Professional Office Services. An interoffice computer message
Pub. L.:	Public Law
RCD:	Robert C. Dutton
RCM:	Robert C. McFarlane
RIG:	Restricted Inter-agency Group
RVS:	Richard V. Secord
RWO:	Robert W. Owen
SAT:	Southern Air Transport Company
SIG:	Special Interagency Working Group
S/LPD:	Office for Public Diplomacy for Latin America and the Caribbean
SNIE:	Special National Intelligence Estimate
S. Rep.:	Senate Report
S. Res.:	Senate Resolution
SS:	Stanley Sporkin
SSCI:	Senate Select Committee on Intelligence
STTGI:	Stanford Technology Trading Group International
TC:	Tomas Castillo
TCS:	Thomas C. Sinclair
Test.:	Sworn testimony taken before the Select Committees in their joint hearings
TIWG:	Terrorist Incident Working Group
U.S.C.:	United States Code

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

CHAPTER 15. THE DIVERSION

15-10

See Hearing Exhibit OLN-51

Chapter 15, Footnote 56

The Director of Central Intelligence

Washington, D.C. 20505

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National Intelligence Council

NIC 00672-87
13 February 1987

15-56

MEMORANDUM FOR: Carroll L. Rauver
Inspector General

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism
Chief, Intelligence/Counterterrorism Center

SUBJECT: Addendum to Statement of NSC Initiative on Iran

1. At the suggestion of the Deputy Inspector General, I am providing additional details on certain aspects of my involvement in the Iranian initiative. These additional details are being offered as a result of my recalling in greater detail certain aspects of the initiative and of having my memory refreshed through review of papers and discussions with other Agency officials involved in the initiative.

2. I now recall that on 13 and 26 January 1986 Manucher Ghorbanifar, the Iranian intermediary involved in the Iranian initiative, made comments to the effect that he could obtain money for the Contras if the Agency supported him in thwarting terrorist attacks against countries [redacted] Even though a review of my notes confirms that he made statements to this effect, I did not include those comments in the memoranda I prepared because they seemed both far fetched and trivial. For example, he commented in January that by working with the Agency and [redacted] he could thwart a plot underway to smuggle several hundred pounds of explosives [redacted] From his perspective, he said [redacted] would be happy to receive such help and would reward him handsomely as well as be willing to supply funds to "Ollie's boys in Central America". Because my objective was to collect terrorist-related information that Ghorbanifar had [redacted] the statements that funds could be collected for the Contras seemed so preposterous that I did not give them any consideration whatsoever. I did record in-depth all information that he was willing to provide on terrorists, terrorist groups, or terrorist plots, including the alleged plot [redacted] Again, my focus in discussions with Ghorbanifar were directed at terrorist activity. Funding for the Contras in Central American was not a consideration, even remotely. I only recalled the comments made by Ghorbanifar after talking with the Inspector General's staff in late November.

Declassified/Released on 11 Jan 1988 under provisions of E.O. 12356 by National Security Council

CL BY [redacted]
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3. I also wish to clarify for the record a question put to me during my interview with you and other members of your staff in November. At that time, and in a subsequent memorandum prepared by a member of your staff, it was noted that Richard Kerr, Deputy Director of Intelligence, initially thought that he recalled I had told him as early as May 1986 that I believed funds were being diverted from the Iranian initiative to the Contras in Central America. I discussed the Iran initiative with Mr. Kerr several times during the summer and fall of 1986, essentially in the context of the problems of operational security of the initiative. I want to state emphatically, however, that the earliest I could have made comments relating to possible diversion of funds to the Contras to Mr. Kerr was in late August 1986.

4. It is my understanding now from discussions with Mr. Kerr that he believes that our conversation on the initiative and my alluding to possible diversion of funds to the Contras likely occurred in the August timeframe, although he does not recall a specific date. I want to reemphasize that I had not reached any judgments in the May timeframe that funds were being diverted to anti-Sandinista forces in Central America. It was only in late August 1986 that I began to suspect that funds were going to Central America.

Charles E. Allen

cc: OGC
D/OCA

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CLASSIFIED AT TIME OF PUBLICATION.

TOP [redacted] /NOCONTRACT/ORCON 09517

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Chapter 15
Footnote 63

National [redacted]

UNCLASSIFIED 19 September 1986

15-63

MEMORANDUM FOR: Director of Central Intelligence

FROM: Charles E. Allen
Director, Hostage Location Task Force

SUBJECT: American Hostages

Partial Declassification [redacted] 4 Jan 1988

1. I met with Ollie North last night at his office on American hostages. Ollie had just returned from a meeting with John Poindexter on the same subject.

2. Poindexter has given Ollie new guidance on the American hostages, namely:

-- [redacted] is to be held in abeyance until further notice.

-- Ollie is to continue to develop [redacted] to the Iranian Government through Albert Hakim and Dick [redacted] of Stanford Technology Associates. (Hakim, as you are aware, has links to [redacted] apparently attempting to arrange for Ollie and George Cave to meet with Ra[redacted]ni, presumably with the next shipment of arms to Tehran.)

-- Ghobanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghobanifar out, Ollie will have to raise a minimum of $4 million.

-- If there is no other channel for financing future arms shipments, then Ghobanifar will be used as a last resort.

3. Ollie is greatly relieved by Poindexter's decisions because he feared that John and the President would shut down completely this back channel to Iran because of the kidnapping yesterday of Frank Reed. Ollie [redacted] that you immediately hold in abeyance [redacted]

- Reed released immediately

Charles E. [redacted]

CL BY [redacted]
DECL OADR

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Executive Registry 19179

CIIN 4029

TOP SECRET/[redacted]/NOFORN/NOCONTRACT/ORCON

Chapter 15, Footnote 73

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- Ghorbanifar's financial situation is murky, indeed. [redacted] has claimed that he paid Ghorbanifar an additional $8M in cash, an assertion that cannot be validated. 15-73

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

Rapprochment with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

- [redacted] for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap and easy; hard options on how to accomplish this are harder to come by.

The Ghorbanifar [redacted] Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military materiel to the Government of Iran in order to gain the release of American hostages in Lebanon;

- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

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- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,

- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim [redacted] channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

Exposure would make any movement on the hostages difficult, if not impossible.

- It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Sauders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records and the [redacted]

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(B) Develop Press Guidance in the Event of an Exposure. We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

- The Israelis have exposed some of this.
- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be addressed now in an orderly, systematic manner.

(C) Effect an Orderly, Damage-limiting Shutdown of the Ghorbanifar [redacted] Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- Hakim has suggested that means be found to "buy off" Ghorbanifar.
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar [redacted] channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

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See Hearing Exhibit OLN-315

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Chapter 15
Footnotes 79 and 80

Partial Declassification released on 11 Jan 1988
Under provisions of E.O. 12356
by Boehm, National Security Council

15-79+80

7 November 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1. Roy M. Furmark, head of Adnan Khashoggi's New York operations, called on 5 November 1986 to request an urgent meeting with me in Washington. I met with Roy on the afternoon of 6 November at the Key Bridge Marriott Hotel. He provided further information on the fallout that is occurring with the shutdown of the Ghobanifar [redacted] channel. The following are highlights of the conversation with Roy:

a. The Canadian investors who put up $11 million to finance the arms transactions with Iran have retained a Washington law firm to bring suit against Khashoggi and the offshore company Lakeside, the firm into which they paid the $11 million to cover the cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the ligitation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed--at his request--to withhold filing the suit until 17 November.

b. After the release of Jacobson, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve h[redacted] by way and that the United States was "dealing direct" with the Ir[redacted] Government.

c. The Canadians tend to believe Ghobanifar because [redacted] their lawyers block Ghobanifar's account in Credit Suisse [redacted] had been transferred into Ghobanifar's account in repayment [redacted] to Iran, Credit Suisse would have automatically transfe[redacted] to the Canadians' account in the Bank of Montreal.

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CL BY [redacted]
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d[redacted]adians are extremely angry, they are pressing Khashoggi har[redacted]elieve that the Iranian Government has paid money to s[redacted]of additional arms having been sent to Iran. They [redacted]hat Jacob[redacted] release could only have resulted from another arms [redacted]ction with Iran.

e. The Canadians involved are Douglas Fraser, a financier who [redacted]es out of the Cayman Islands, and Ed Miller, who operates out of [redacted]o and Van[redacted]. The third individual involved in the investment e[redacted]s a s[redacted]oy could not remember his name) who lives in Los Ang[redacted]. The swami knows a number of prominent Congressmen (Cran[redacted]as mentioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money.

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Seccord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and that Seccord is also involved in assisting North in the support the Contras [redacted]caragua.

g. When the Canadians origin[redacted]ut up the money after negotiations with Khashoggi and Ghobanifar, th[redacted]lieved the effort was formally sanctioned by the US Government. [redacted]are not concerned about the politics of the US-Iranian equati[redacted]ey simply want repayment of $10 million. Miller, a tough and sle[redacted]dividual, is especially determined to get his money back.

h. In addition to bringing s[redacted]ainst Lakeside and Khashoggi and exposing US Government involvement[redacted]he arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to c[redacted]a devastating mistake.

2. Roy stated that he would endeavor to identify the law[redacted]the Canadians have retained and would call me on 7 November. It[redacted] understanding that the law firm in question at one time had[redacted]ed involving President Nixon. The Canadians have told Khasho[redacted]at th[redacted]ve already lost $6 million as a result of their ill-fated inv[redacted] part, Khashoggi is demoralized and is unable to correct th[redacted] his own financial difficulties. Ghobanifar, according to[redacted] has spe[redacted]ge sums of his own personal fortune over the past 18 months[redacted]his effort[redacted] described Ghobanifar as an excellent broker with extraordinarily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

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TO EXERCISE SECRET CLOSE

3. Roy [illegible] no specific suggestions on how to solve the financial problem [illegible] somehow $10 million should be paid into Ghobanifar's account [illegible] (Account Number 283838-92-1). Because Ghobanifar's account [illegible] Credit S[illegible]s totally blocked, the money would simply be trans[illegible]d to the Canadians. All the Canadians have are checks from Ghob[illegible] and Khashoggi--checks that are worthless. Roy reaffirmed that Ghob[illegible] and Khashoggi have been able to pay off the other investor--an Arab who p[illegible] $5 millio[illegible]. Roy stated that he and Khashoggi may see the Canadians in Eu[illegible]o the nea[illegible]re to request more time, but they were not sanguine that a[illegible] [illegible]t from such a meeting.

4. The [illegible]s have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, h[illegible], had destroyed this process. The current publicity about these transact[illegible] probably has foreclosed any near-term hope of obtaining Iran's sup[illegible]n securing the release of additional hostages. The damage that [illegible] occur from the legal efforts of the Canadians is potentially significa[illegible] pecially because the Canadians are aware of all of the transactions that h[illegible] ccurred over the past 14 to 15 months.

6. I conclude from Roy's statement[illegible]t:

a. Furmark is personally troub[illegible] having persuaded Adnan to put up capital for a venture that has now [illegible]sour.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians ma[illegible]oo significant, especially since the press already have major [illegible]the back channel effort with Iran.

e. When dealing with Iran, every faction--to some exte[illegible]-mus[illegible] taken into account. The fact that Ghobanifar kept Ayato[illegible] fully informed on his initiatives with the United State[illegible] radicals around Montazeri have decided to use the MacFa[illegible] contacts by Iranians with the United States as a way to[illegible]ck Rafsanjani's moderate faction. Ghobanifar, bitter and[illegible], may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

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[illegible] though the situation is messy and is likely to become even mes[illegible] keep in some perspective the damage that can be caused by [illegible] On balance, given the current exposure, the damage now [illegible]ot be t[illegible]t.

Charles E. Allen

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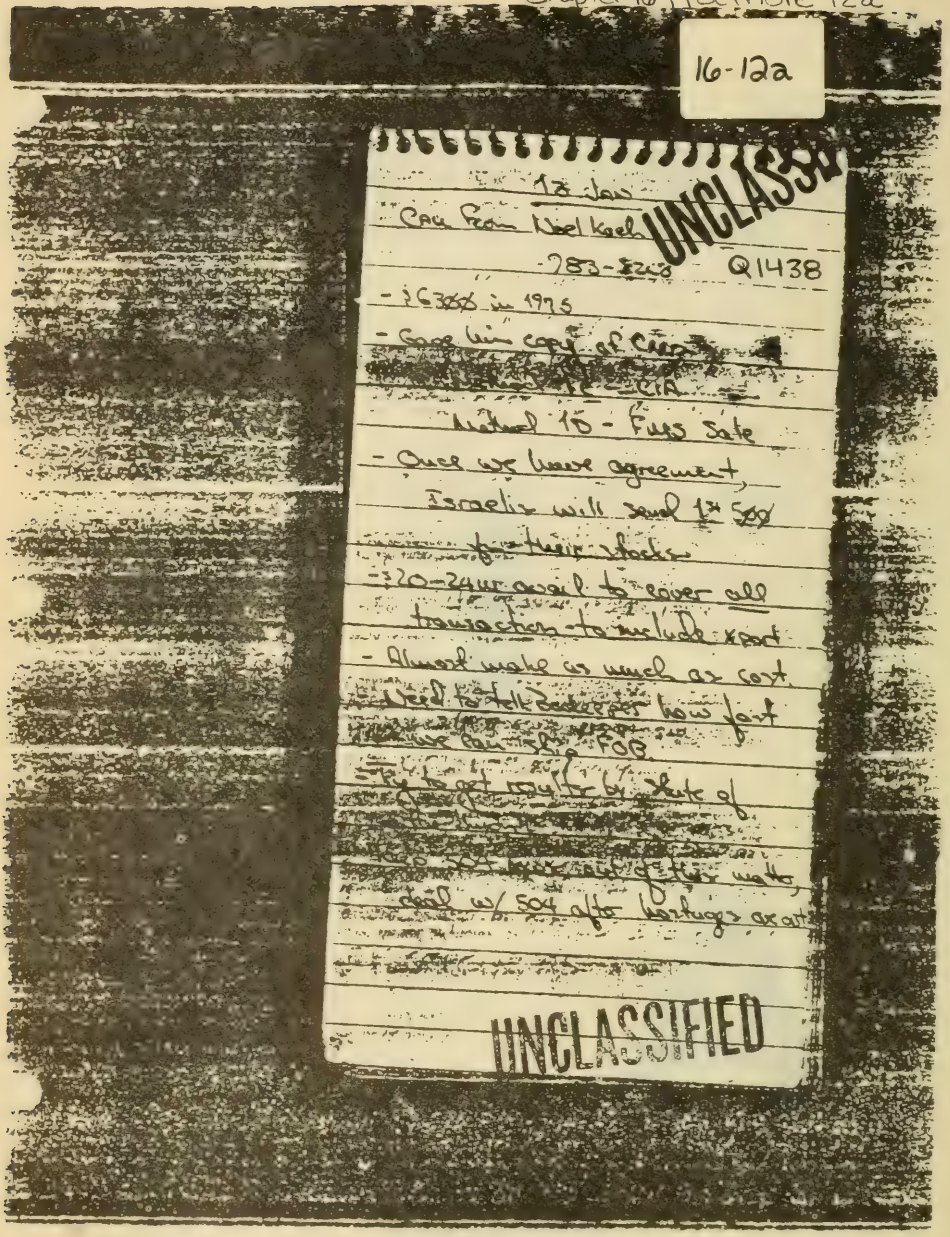
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CHAPTER 16. SUMMARY: THE IRAN INITIATIVE

Chapter 16, footnote 12a

16-12a



16-12b

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Chapter 16
Footnote 12b

0 2243

KAS call from Alan
- Sec Released tomorrow @ Lockerbie

☐ Leader's turnover location
① Moscow ④ AUB
② Andrews ⑤ Algerian Emb.
③ Paris

☐ PRESIDENTIAL STATEMENT
"Thanks to all those who tried [illegible]"

[redacted]

☐ FAMILY NOTIFICATION/TRANSPORT

☐ TRANSPORT OF AIRCRAFT FM AREA

☐ ALERT ENROUTE FOR
☐ HEAD SUPPORT
☐ NIGHTINGALE
☐ MED FACILITY

[redacted]

☐ ALERT
SAWYER ____
WEINBERGER ____
CASEY ____
VP ____
Cap Dorsey ____
Cap Brand ____
FBI ____

☐ Message to Families

[redacted]

☐ NEXT STEPS

Partial/Undelayed release on 4/Mar/92
E.O. under provisions of E.O. 12356
by R. Reagan, National Security Council

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CHAPTER 17. EXPOSURE AND CONCEALMENT INTRODUCTION

THIS CHAPTER DOES NOT CONTAIN FOOTNOTES.

CHAPTER 18. OCTOBER 1986: EXPOSURE THREATENED

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Chapter 18
Footnote 3

18-3

[redacted]

[redacted] LOCAL S DOT IS. [redacted]
ALREADY KNOW THE C-123 CRASHED IN
NICARAGUA, REPORTEDLY SHOT DOWN BY
SANDINISTA AA FIRE. THEY SAY THERE
WERE [redacted] ABOARD. NO SURVIVORS
HAVE BEEN SEEN. NO SIGNATE
HAVE BEEN RECEIVED. THIS IS A DESTINATION IN
THEIR AREA AND IMMEDIATELY DESPATCHED
UNITS, WE AND OTHER COMMANDERS KNOW THIS
HAS THEIR BLAME. AND WE JOIN THEM IN
EXPRESSING OUR DEEP SADNESS FOR THIS
LOSS OF BRAVE MEN. MAY THEIR
SACRIFICE NOT BE IN VAIN. SITUATION
REQUIRES WE DO NECESSARY DAMAGE CONTROL.
DID THIS A-7 HAVE TAIL NUMBER OF SO. IS
IT THE SAME ONE WHICH REPELLED SEVERAL
TIMES A[redacted] PLEASE ADVISE ASAP.
IF SO, WE WILL HAVE TO TRY TO COVER
UP. IF AS REPORTED, TAIL NUMBER COULD
LEAD TO VERY SERIOUS IMPLICATION.
GENERAL [redacted].

RD 000492

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00435

SOUTHERN AIR TRANSPORT, INC.

CASH RECEIPT

BANK C+S

DATE 6-18-86

Chapter 18, Footnote 12

NAME	DESCRIPTION	12600000-CR	12800000-CR	OTHER	DR	CR	BANK-DR
ACE				14202		150	150.000.00
UDALL Corp [redacted]		92.000.00					92.000.00
				SAT 000463			

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Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

Chapter 18 Footn 12

21-81

23

Date 0034 464,180.00 Batch 0026 505,000.00

SOUTHERN AIR TRANSPORT, INC.

CASH RECEIPT

BANK C:S

DATE 5-23-86

Chapter 12, Footnote 12

NAME	DESCRIPTION	12400000-CR	12800000-CR	OTHER	DR	CR	BANK-DR
IAS	5868A/05869	464,180.00	✓				464,180.00
Evergreen Inc	[redacted] (5,000.00 Reg Fee)			10105xxxxx		40,000.00	40,000.00
Evergreen Inc DOE	①	50,000.00	✓				50,000.00
Evergreen Inc 104725 111970	INV 5881 ②	55,000.00	✓				55,000.00
~~Evergreen Inc~~ UD011	INV 5899	350,000.00	✓				350,000.00
Evergreen Inc	③	50,000.00	✓	10105xxxx		10,000.00	60,000.00
① [illegible]				SAT — 001687			
② [illegible]							
③ [illegible]							
		969,180.00				50,000.00	1,019,180.00

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~~Partially Declassified/Released on 11/28/07~~
under provisions of E.O. 12356
by S. Reger, National Security Council

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CREDIT PARTY ADVICE

OUR REFERENCE NUMBER: A216835PR
VALUE DATE: 05-23-86
DATE: 05-23-86
AT THE REQUEST OF: HYDE PARK SQUARE CORP
FOREIGN AMOUNT: USD 410,000.00
US EQUIVALENT: 410,000.00
RATE: 0.000000
COMMISSION CHARGES: .00
FAVOR OF: SOUTHERN AIR TRANSPORT INC
MIAMI FL 33152
TELEX CHARGES:
MISC CHARGES: .00
TOTAL CREDIT AMOUNT: 410,000.00
OPERATOR: IO 8000 RO 8008
MAIL TO:
SOUTHERN AIR TRANSPORT INC
PO BOX 52 4093
MIAMI FL 33152
WE CREDIT ACCOUNT: DDC 001- 08096497
PAYMENT DETAILS:

INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2348
SWIFT CSBKUS33
PHONE 404/591-2400

C&S THE CITIZENS AND SOUTHERN NATIONAL BANK

4783

UNCLASSIFIED

SAT-001688
+001790

CREDIT PARTY ADVICE

OUR REFERENCE NUMBER: A216656PR
VALUE DATE: 05-23-86
DATE: 05-23-86
AT THE REQUEST OF: ALBON VALUES CORP
FOREIGN AMOUNT: USD 40,000.00
US EQUIVALENT: 40,000.00
RATE: 0.000000
COMMISSION CHARGES: .00
FAVOR OF: SOUTHERN AIR TRANSPORT INC
MIAMI FL 33152
TELEX CHARGES:
MISC CHARGES:
TOTAL CREDIT AMOUNT: 40,000.00
OPERATOR: IO 8012 RO 8008
MAIL TO:
SOUTHERN AIR TRANSPORT INC
PO BOX 52 4093
MIAMI FL 33152
WE CREDIT ACCOUNT: DDC 001- 08096497
PAYMENT DETAILS:
REF RE FUEL

INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2348
SWIFT CSBKUS33
PHONE 404/591-2400

C&S THE CITIZENS AND SOUTHERN NATIONAL BANK

UNCLASSIFIED

SOUTHERN AIR TRANSPORT, INC.

CASH RECEIPT

BANK C.S

DATE 5-28-86

Chapter 18, Section 12

NAME	DESCRIPTION	12400000-CR	12800000-CR	OTHER	DR	CR	BANK-DR
UD-AH 11370	INV 5899	200,000.00					200,000.00
		SAT	001690				

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by S. Reger, National Security Council

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UNCLASSIFIED

SAT 00117

SAT-001691
+001789

CREDIT PARTY ADVICE

A/C NUMBER A217589PR	11137	VALUE DATE 05-28-86	DATE 05-28-86
AT THE REQUEST OF HYDE PARK SQUARE CORP		FOREIGN AMOUNT USD 200,000.00	U.S. EQUIVALENT 200,000.00
		RATE 0.000000	COMMISSION CHARGES .00
			TELEX CHARGES .00
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PAYMENT DETAILS REF REMITTER REF ZA0526 9250 136			

INV 5899

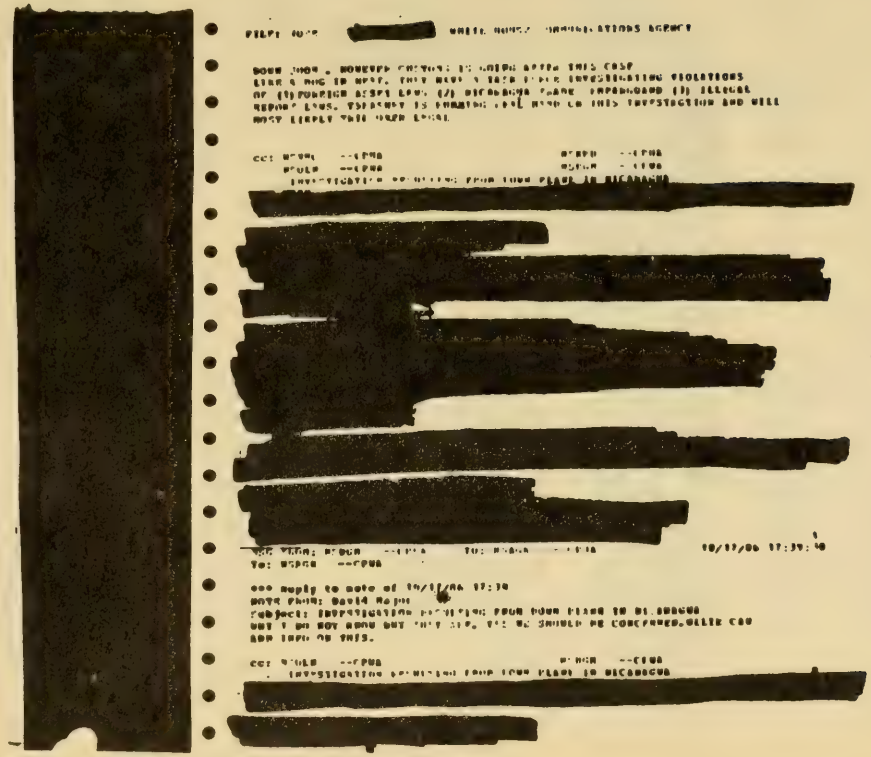
SOUTHERN NATIONAL BANK
INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2346
SWIFT CSBKUS33
PHONE 404/581-2400

27

Part I Declassified/Released on 4/28/94
under provisions of E.O. 12356
J. S. Reger, National Security Council

18-16
N 18297
UNCLASSIFIED

UNCLASSIFIED [redacted]



PAGE 00110

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[redacted]

[redacted]

[redacted]

[redacted]

10/17/86 17:39:40

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

18-26

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 18-29 tc 29

Memorandum

UNCLASSIFIED

7738

Subject	Date
Investigation of Southern Air Transport	November 12, 1986 JLM:TEM:cmc

To

William F. Weld
Assistant Attorney General
Criminal Division

From

John L. Martin, Chief
Internal Security Section
Criminal Division

Attached hereto is a copy of a memorandum, dated October 31, 1986, from Judge Webster to Assistant Director Floyd Clarke of the Bureau's Criminal Investigative Division. Briefly, Judge Webster's memorandum advises that in accordance with a request from Associate Attorney General Steve Trott, the Bureau was to suspend its ongoing investigation of the captioned matter for a period of 10 days, because of possible prejudice to "some sensitive hostage negotiations."

As you know, this matter involves Eugene Hasenfus, the crew member of the C123 aircraft shot down over Nicaragua on October 7, 1986. The Bureau is anxious to resume its investigation, but, even though the 10-day period requested by Steve Trott has expired, it is unwilling to do so without the Department's approval.

Unless you advise to the contrary, I intend to advise the Bureau that it is free to resume its investigation without further delay.

Attachment

Transmit to SSA's attention

[redacted] 1/29/88

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4789

18-31

CLASSIFIED AT TIME OF PUBLICATION.

18-34

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED Chapter 18 18-35 35

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON, D.C. 20229

RECEIVED
NOV 18 1986
Public Integrity Section

NOV 14 1986

REPLY TO 1002

4792

ENF-1-03-E:OE:S:M RGL

J 6956

Mr. Ralph D. Martin
Department of Justice
315 9th Street, N.W.
Public Integrity Attorney
Washington, D.C. 20530

Par... Declassified/Released on 11/28/88
under provisions of E.O. 12356
...y S. Reger, National Security Council

Dear Mr. Martin:

This is to confirm our telephone conversation of November 10, 1986, regarding the results of our initial inquiry into U.S. Customs Service criminal investigations of alleged violations of the Arms Export Control Act and the Nicaragua Sanctions as they relate to certain persons identified in Senator Kerry's report.

As explained, the data provided in Senator Kerry's report was cross checked with the criminal indices of the Treasury Enforcement Communications System (TECS), and Headquarters files. In addition, Customs Offices of Enforcement in Miami and Atlanta were contacted. For your information TECS records are indexed by name and other identifying data. TECS query of the names furnished, resulted in 21 matches. There were, however, numerous instances in which matches could not be refined as there were too many records in the universe. For example, the name John Hull resulted in 293 possible matches. Consequently, without further identifying data we are not able to determine if a record exists for some of the persons named.

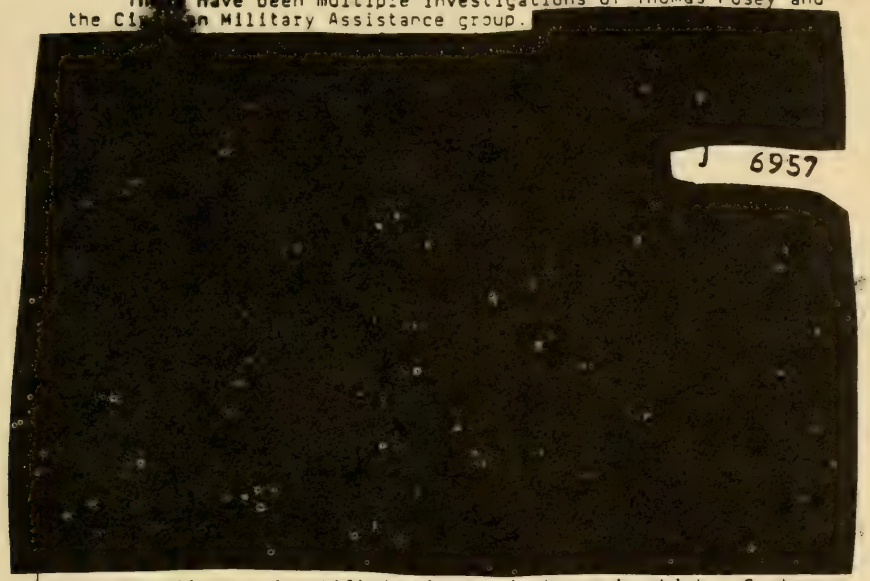
[redacted]ding the Customs investigation into an alleged viol[redacted]f the Arms Export Control Act by Southern Air Trans[redacted]th their exportation to Central America of a C-123 airc[redacted]he Special Agent in Charge, Miami, has initiated an investi[redacted]ation into the matter. The investigation hinges on a determination as to the licensability of the aircraft, and this matter has been referred to the Department of State, Office of Munitions Control. This investigation is being conducted with the Special Agent in Charge, Federal Bureau of Investigation, Miami, Florida, who has assumed investigative jurisdiction over possible violations of the Neutrality Statutes and the Boland Amendment. The FBI therefore would best be able to respond to your question regarding ownership and financing of the aircraft. Customs has, however, determined that the aircraft in question was sold by Doan Helicopter in March 1986, for $475,000, to Southern Air Transport acting on behalf of Udall Research Corp.

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1023

There have been multiple investigations of Thomas Posey and the Civilian Military Assistance group.



Finally, we identified only one instance in which a Customs office reported an allegation that U.S. Government Officials were funneling funds to the Contras. The report of investigation contained an unsubstantiated allegation that unnamed Central Intelligence Agency employees are passing funds to General Singlaub, USA, Retired, for use in acquiring material for the Contras.

We are in the process of obtaining the data you requested in our conversation: the identity of the various AUSA's handling these cases; the reports regarding Generals Singlaub and Secord; and whether if in the Southern Air Transport investigation, Customs uncovers any evidence indicative of high level government official involvement. This information will be forwarded to you in the near future.

Sincerely,

Raphael G. Lopez

UNCLASSIFIED

18-36

CLASSIFIED AT TIME OF PUBLICATION.

18-59

See Hearing Exhibit OLN-315

C 09370

UNCLASSIFIED

Chapter 15
Footnotes 79 and 8

Portion Declassified Pursuant to 11 Jan 1988
Under provisions of E.O. 12356
By [illegible], National Security Council

18-62+64

7 November 1986

MEMORANDUM FOR: [redacted] Director of Central Intelligence
[redacted] Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1. Roy M. Furmark, head of Adnan Khashoggi's New York operations, called on 5 November 1986 to request an urgent meeting with me in Washington. I met with Roy on the afternoon of 6 November at the Key Bridge Marriott Hotel. He provided further information on the fallout that is occurring with the shutdown of the Ghobanifar [redacted] channel. The following are highlights of the conversation with Roy:

a. The Canadian investors who put up $11 million to finance the arms transactions with Iran have retained a Washington law firm to bring suit against Khashoggi and the offshore company Lakeside, the firm into which they paid the $11 million to cover the cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the ligitation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed--at his request--to withhold filing the suit until 17 November.

b. After the release of Jacobson, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve him in any way and that the United States was "dealing direct" with the Iranian Government.

c. The Canadians tend to believe Ghobanifar because [redacted] their lawyers block Ghobanifar's account in Credit Suisse [redacted] funds had been transferred into Ghobanifar's account in repayment [redacted] to Iran, Credit Suisse would have automatically transferred [redacted] to the Canadians' account in the Bank of Montreal.

A

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CIIN 3995

UNCLASSIFIED

TS 3538-86
Copy 1 of 6

Executive Registry 19795

CL BY [redacted]
DECL OADR FM STSD [illegible]

UNCLASSIFIED

TOP SECRET/SENSITIVE/EYES ONLY

C09371

d[redacted]adians are extremely angry, they are pressing Khashoggi har[redacted]elieve that the Iranian Government has paid money to s[redacted] of additional arms having been sent to Iran. They [redacted]hat Jaco[redacted] release could only have resulted from another arms [redacted]ction with Iran.

[redacted]. The Canadians involved are Douglas Fraser, a financier who [redacted]es out of the Cayman Islands, and Ed Miller, who operates out of [redacted]o and Van[redacted]. The third individual involved in the investment e[redacted]s a s[redacted]by could not remember his name) who lives in Los Ang[redacted]. The swami knows a number of prominent Congressmen (Cram[redacted]as mentioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money.

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Secord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and tha[redacted]cord is also involved in assisting North in the support the Contras [redacted]caragua.

g. When the Canadians origin[redacted]ut up the money after negotiations with Khashoggi and Ghobanifar, th[redacted]ieved the effort was formally sanctioned by the US Government. [redacted]are not concerned about the politics of the US-Iranian equati[redacted]ey simply want repayment of $10 million. Miller, a tough and sle[redacted]dividual, is especially determined to get his money back.

h. In addition to bringing su[redacted]ainst Lakeside and Khashoggi and exposing US Government involvement[redacted]he arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to d[redacted]a devastating mistake.

2. Roy stated that he would endeavor to identify the law[redacted]the Canadians have retained and would call me on 7 November. It[redacted]hi[redacted] understanding that the law firm in question at one time had[redacted]ed [redacted]e involving President Nixon. The Canadians have told Khasho[redacted]at th[redacted]ve already lost $6 million as a result of their ill-fated inv[redacted] part, Khashoggi is demoralized and is unable to correct th[redacted] his own financial difficulties. Ghobanifar, according to[redacted] has spe[redacted]ge sums of his own personal fortune over the past 18 months[redacted]his effort[redacted] described Ghobanifar as an excellent broker with extraordinarily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

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Executive Registry 19796

C 09372

UNCLASSIFIED

TOP SECRET/SENSITIVE/CODEWORD

3. Roy [illegible] specific suggestions on how to solve the financial problem [illegible] somehow $10 million should be paid into Ghobanifar's accoun[illegible]redit [illegible] (Account Number 283838-92-1). Because Ghobanifar's accou[illegible]redit Su[illegible]s totally blocked, the money would simply be trans[illegible]d to the Canadians. All the Canadians have are checks from Ghob[illegible] and Khashoggi--checks that are worthless. Roy reaffirmed that Ghob[illegible] and Khashoggi have been able to pay off the other investor--an Arab who p[illegible] $5 millio[illegible]gy stated that he and Khashoggi may see the Canadians in Eu[illegible]n the nea[illegible]re to request more time, but they were not sanguine that a[illegible]t from such a meeting.

4. The [illegible]s have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, h[illegible], had destroyed this process. The current publicity about these transact[illegible]robably has foreclosed any near-term hope of obtaining Iran's sup[illegible]n securing the release of additional hostages. The damage that [illegible]occur from the legal efforts of the Canadians is potentially significan[illegible]pecially because the Canadians are aware of all of the transactions that h[illegible]ccurred over the past 14 to 15 months.

6. I conclude from Roy's statement[illegible]t:

a. Furmark is personally troub[illegible]y having persuaded Adnan to put up capital for a venture that has now [illegible]sour.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians ma[illegible]oo significant, especially since the press already have major [illegible]the back channel effort with Iran.

e. When dealing with Iran, every faction--to some exte[illegible]--mus[illegible] taken into account. The fact that Ghobanifar kept Ayato[illegible] fully informed on his initiatives with the United State[illegible] radicals around Montazeri have decided to use the MacFa[illegible] contacts by Iranians with the United States as a way to[illegible]ck Rafsanjani's moderate faction. Ghobanifar, bitter an[illegible], may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

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C 09373

Even though the situation is messy and is likely to become even mes[illegible] keep in some perspective the damage that can be caused by [illegible] On balance, given the current exposure, the damage now [illegible]ot be t[illegible]at.

Charles E. Allen

C

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TOP SECRET/SENSITIVE/EYES ONLY

CHAPTER 19. NOVEMBER 1986: CONCEALMENT

DTG141540Z NOV 86
FM AIR FORCE ONE
TO WHSR
FOR DR KEEL FROM ADM POINDEXTER
JEM
~~S E C R E T~~

UNCLASSIFIED

N 7796

Chapter 8
Footnote 19-6

SUBJ: IRAN PRESS GUIDANCE

1. WE HAVE USED THE FOLLOWING Q AND A

Q: ABOUT MCFARLANE OR SPARE PARTS OR ARMS TO IRAN?

A: WE HAVE NO COMMENT ON THESE REPORTS. AS LONG AS THERE ARE AMERICAN HOSTAGES BEING HELD IN THE MIDDLE EAST WE WILL NOT BE RESPONDING TO QUESTIONS LIKE THIS. A SIMPLE NO COMMENT WILL BE MADE TO ALL QUESTIONS ABOUT TALKS OR ACTIONS THAT MIGHT OR MIGHT NOT BE TAKING PLACE. YOU SHOULD INFER NOTHING TO THESE RESPONSES

2. WHAT DO YOU THINK ABOUT THIS ONE? WE HAVE NOT USED IT YET

Q: DOES THE U.S. STILL HAVE AN ARMS EMBARGO AGAINST IRAN IN THE IRAN-IRAQ WAR?

A: THE U.S. POSITION IN THE IRAN-IRAQ WAR HAS NOT CHANGED. THE FIGHTING SHOULD STOP AND THE TWO SIDES SHOULD REACH A NEGOTIATED SETTLEMENT OF THEIR DISPUTE. ALL ACTIONS BY THE U.S. ARE TAKEN WITH THIS OBJECTIVE IN MIND. THERE SHOULD BE NO WINNERS OR LOSERS AS LONG AS IRAN ADVOCATES THE USE OF TERRORISM THE ARMS EMBARGO WILL CONTINUE
#0013

1342

[redacted] Declassified / Released on 29 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

UNCLASSIFIED

FM. AF

N 7797

TO: WHSR

FOR DR. KEEL FROM AFM POLICY:

SUBJ: IRAN PRESS GUIDANCE

1. We have used the following Q & A.
Q. } insert (A)
A. }

2. What do you think about this one? We have not used it yet.
Q } insert (A)
A }

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1-17-72

UNCLASSIFIED

N 7798

Q About the Failure of spare parts or arms to Iran?

A: We have no comment on these reports. As long as there are American hostages being held in the Middle East we will not be responding to questions like this. A simple no comment will be made to all questions about talks or actions that might or might not be taking place. You should infer nothing to these responses.

UNCLASSIFIED

N 1177

Q. Does the U.S. still have an arms embargo against Iran in the Iran-Iraq war?

A. The U.S. position on the Iran-Iraq war has not changed. The fighting should stop and the two sides should reach a negotiated settlement of their dispute. All actions by the U.S. are taken with this objective in mind. There should be no winners or losers. As long as Iran considers the use of terrorism, the arms embargo will continue.

It is just one of those where there are no winners or losers.

UNCLASSIFIED

19-8

See Hearing Exhibit DTR-58

Chapter 19, Footnote 10

UNCLASSIFIED

N 18467

PAGE 112

[redacted] NSPAT --CPUA

MSG FROM: NSJAP --CPUA TO: NSDCM --CPUA 11/07/86 22:55:05
TO: NSDCM --CPUA

*** Reply to note of 11/07/86 20:30
-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: Current Events

Rod, I will check with Don in the morning. I frankly doubt that he did what you suggest. I had breakfast with him this morning and he agreed that he would keep his mouth shut. I will see what I can find out and will call you. I wish everybody would calm down a bit on this. We have a damn good story to tell when we are ready. Right now would be an absolutely stupid time for the administration to say anything.

I will be back in touch.
n Current Events

7 May 1987

545

19-10

UNCLASSIFIED

UNCLASSIFIED

N 18468

PAGE 003

FILE: POTU [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

MSG FROM: USDCR --CPUS TO: USJRP --CPUS 11/07/86 20:30:32
To: USJRP --CPUS JOHN M. POINDEXTER

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Current Events

Having been out of town for two days and maintaining the no comment line, I returned today to find that Don Regan has backgrounded the candidacy and laid the entire problem at my feet; my idea, my management, a strict arms for hostages deal, an larger agenda in mind, etc. I was told this out by a journalist but by my closest friend who had been getting calls all day to the effect that "Bud is being busy out to dry by Don Regan." I still have not commented to anyone.

But I must tell you that if this is true, I will be quite sad. This will be the second lie Don Regan has moved against my character and I won't stand for it.

It might be useful to review just what the truth is.

You will recall that when the Israelis first approached us in June '85, I presented the idea of engaging in a dialogue with the Iranians--no ambition at all of any arms exchanges at all--and he approved it.

We then heard nothing until August when the Israelis introduced the requirement for TOWs. I told Bieche no.

They went ahead on their own but then asked that we replace the TOWS and after checking with the President, we agreed. Their men released as a consequence of their action.

My next involvement was to go to London where I presented our willingness to open a political dialogue but that we could not participate in an arms transfer for hostages. Gorbachev reacted and loved but we did not change our position.

I returned to the States and debriefed the President (with Cap present, and began) that we had taken the position of being open to a political dialogue once our hostages were released but not before and ruled out an arms transfer. I also told that Gorbachev was not to be turned and recommended that we no longer carry on business with him. You were present John. I then left the government.

Some dialogue must have continued with Gorbachev between Dec Year's and April, [illegible] contributed by recommendations. In April you contacted me to go to Iran to open the political dialogue. I did so. Once there, faced with bad faith on their part (not having released our people and without meetings with the decision makers) I aborted the mission. Oliver can verify all this.

6 May 1987

309

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19-19

See Hearing Exhibit DTR-41

UNCLASSIFIED

N 8995

Chapter 19
Footnote: 19-20

10 November 1986

Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs
The White House
Washington, D. C. 20500

Dear John,

Here is a version which says a little more than the one you read to me, which I think is necessary but not so much as to upset the Iranians. The draft you read to me does little more than say we reviewed the matter and discovered that we didn't break the law. You will note that there is a portion of the second paragraph and a portion of the fourth paragraph which could probably be struck or cut it down still further.

Yours,

William J. Casey

Attachment

1347

UNCLASSIFIED

[redacted] released on 29 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

N. 8996

UNCLASSIFIED

In view of recent press speculation on our discussions with Iran, I have a brief statement to make. Because continued speculation could jeopardize lives and be counter-productive to what we hope to achieve, I will take no questions.

From the earliest months following the revolution in Iran, the United States Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Iran has and ultimately will again play an important role in our strategic policy with respect to its neighbors, including the Soviet Union. We believe that the vital long-range interests of these countries are best served by a strong, prosperous Iran pursuing moderate policies and practicing friendship and tolerance for its people and other nations.

We seek a peaceful solution to the conflict between Iran and Iraq which leaves each country with its pride and its territory intact. Our policy has been and continues to be to restrain shipments to either combatant that could alter the balance or prolong the war. Any contacts and discussions we have had have been within this policy framework.

It has been and will remain our policy not to reward hostage takers by meeting their demands. We accept and seek the help of other governments in recovering our hostages. Thus, it is part of our policy to recognize and encourage, both tangibly and intangibly, responsible behavior by governments which may in the past have sponsored terrorist actions. And if this were to contribute to the release of American hostages, this would be welcome.

2

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N 8997

The decision to pursue this dialogue with Iran almost a year ago was mine. It was fully discussed with my principal advisors. I felt that the responsibilities of my office required me to make the difficult decision to proceed, bearing in mind that there were risks, but also that the long-term security interests of our country would be served by the reestablishment of contact and dialogue on strategic issues with the government of Iran.

*****

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Chapter 19-25 Ac 25

UNCLASSIFIED SECRET Done

0930 11/12/86 WCO NSB

N 7827

Non relevant information
deleted from this section

12.30.86
VMC

- IRAN & HOSTAGES
  - 2 + 3 MATSE
  - POSITIVE STATEMENT
    - FATWAH
  - PRESS GUIDANCE

non relevant material
deleted from this section
VMC
12.30.86

(816)

- Hostage statement
- Trying to train & Jenco

P90 12/4/86 CC

UNCLASSIFIED

19-26

See Hearing Exhibit McFarlane-50

Chapter 19
Footnote 27

N 18494

PAGE 157

FILE: DOE2 [redacted] 86 UNITED HOUSP COMMUNICATIONS AGENCY

Subject: Continuation on Iran
*** Forwarding note from HSBCM --CPUA 11/12/86 22:12 ***
To: HSPR --CPUA

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Continuation on Iran

With these thoughts in mind, we were receptive when, last year, we were alerted to the possibility of establishing a political dialogue with Iranian officials. After many false starts where other such approaches had proven without serious purpose, we took particular pains to validate the legitimacy of those involved. But after exhaustive effort had confirmed the authority of those involved and I should say, after they had placed themselves at considerable risk, we decided to take respond. From the beginning our purpose was clearly expressed.

We stated that although we could imagine engaging in a dialogue, that had very fundamental disagreements with Iranian policy, most importantly with their support of terrorism and the holding of our hostages. Clearly no progress could be made or even considered until they were released and Iran ceased its terrorist attacks.

Not long after the exchanges began at a staff level, it became apparent that our interlocutors were indeed legitimate for they were able to direct concrete actions on which we insisted to include the release of hostages and the cessation of further such actions. It also became very clear that by doing so they had stimulated considerable infighting among other factions within Iran. It was apparent that those with whom we were dealing faced certain risks and needed support if they were to be able to carry on and broaden their constituency within Iran.

" Continuation on Iran
MSG FROM: HSBCM --CPUA TO: HSJRP --CPUA 11/12/86 22:29:50
To: HSJRP --CPUA JOHN M. POINDEXTER

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
Subject: Continuation II
*** Forwarding note from HSBCM --CPUA 11/12/86 22:20 ***
To: HSPR --CPUA

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Continuation II

And so the staff level contacts continued into the spring of this year by which time we had held some certain fundamental requirements--notably the full release of all our hostages. Based upon the entering of confidence--albeit with clear disagreements--we sought to elevate the level of contacts to dominion makers and a meeting consequently in Tehran. I asked my former national security advisor to undertake this mission and gave him very explicit instructions. Those were to go to Iran and open a political dialogue, making clear with full force our basic disagreements with them and to say that while

7 May 1987

57

19-37

[redacted]

N 13495

we were open to a dialogue it could not be carried forward without the prior release of our hostages.

The talks took place over the course of four days. They were conducted in a civil fashion. At their conclusion our delegation departed. Since then the dialogue has continued and step by step progress is being made. With firmness and devotion to principle we can continue to make progress.

All of this has involved great sensitivity for those involved. But over time they have managed to strengthen themselves to a position of being able to engage in more serious acts. There is no question but that we could not have reached this level had the initiatives been pursued earlier--indeed it is very much at risk today. The point is that I must face the responsibility of taking advantage of opportunities that hold promise of improving our security but when they involve a fundamental reorientation of another countries basic policies; absolute secrecy is required. There is ample precedent in our history for this kind of sensitive diplomacy and it has been fully accepted by my Cabinet.

From the beginning my guidance was to prepare briefings for presentation at the earliest moment that would not compromise the undertaking. I am afraid that that threshold may have been crossed too soon. Time will tell.

v Continuation II

[redacted]

[redacted]

1 May 1987

19-27

See Hearing Exhibit McFarlane-51

19-28

See Hearing Exhibit McFarlane-52

19-31

See Hearing Exhibit DTR-58

19-46+47 UNCLASSIFIED

Chapter 19
Footnotes 46, 47

C 094
Poindexter/
Casey
re: testimony

TRANSCRIPTION - Cassette # 3

18 November 1986

Grossmain(?), this is Central. Grossmain, go ahead. This is Central. I have Mr. Poindexter on the, uh, standing by on the other line. Um, stand by while I make the connection. Over. Roger, I'll get the DCI. Also, are the folks over at the White House fully briefed on the place to talk scenario? Go ahead. Ok. That I'm not sure of; I'll give him a quick rundown before I, I give him over to ya. Roger. The DCI is on his way in right now; it will be a couple of seconds. Ok. You have been connected. If you can, if you acknowledge that you are there for them. All right. Bill, Bill, this is John. Over. Are you, ok, you have to press the little star sign and you talk and then when you're finished you push the little pound sign. Ok, thank you. Bill, Bill, this is John. Over. Bill, Bill, this is John, John. Over. Um, stand by, sir, please stand by one moment. Over. Hello. (garble) Sir. Bill, this is John. Go ahead. Over. I'm just calling to uh see what's up. I gather that uh you'd like me to be home a day early or two days early. If I can (garble) to do that I've gotta duck my, cancel my [redacted] stop. I thought you might tell me what's up. Ok?

Partially declassified on 29 June 1987
[illegible] 12356
By [illegible] National Security Council

1365

OING TS 0852-87/

UNCLASSIFIED

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C 005

Bill, Bill, this is John. Roger. Bill, it's just that, that I got to thinking about the hearing on Friday and the coordination that the two of us need to do and I just didn't think there would be enough time to do it with your coming in uh early Friday morning. So if you can get back on Thursday uh so we could meet Thursday afternoon,; I think it would be very useful so we make the best possible presentations on Friday, and try to lay as many of these questions to rest as we can. Over. Ok, John, I'll be back uh Mon, I'll be, I'll be back Thursday morning and uh I'd like whatever information you can collect in there. Ok? Over. This is John, Roger. We've been putting together all the chronologies and all the facts that we can lay our hands on, uh, and I'll be ready to talk to you any time on Thursday, but you probably would want to spend some time out at your place on Thursday morning, I guess. Over. (Garble - At such a time as you seem to be Thursday morning?) Bill, this is John. I'd prefer to meet Thursday afternoon. That would give you an opportunity uh to spend some time out at the Agency in the morning and talk to Claire, you know who went up, uh I guess the staffers came out to him today, but that would give you some time to talk to them in the morning. Over.

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Are you going to have a lot of people at the meeting - uh State and uh Defense? Over. This is John. Uh, we could do it uh however you'd like. Uh, I want to, I'd like to spend some time just the two of us, uh but if the, Ed Meese indicated uh he'd, he should want to be helpful and so he would like to be in at least one of the meetings. Over. Ah, you, you set whatever time you'd like for us to get together and have a little talk ourselves, then I'll have, I'll handle a meeting any time you set it, and I'll be there and I'll see you then on Thursday. Over. This is John. Roger. I'll do that and thank you very much and I'll see you on Thursday. Over. This is (garble) Roger. Out.

Central, Central, this is Postman. We're clearing that (garble) and we're back to common. Thank you very much for that call. We're clearing that with the White House, Central. Thank you very much for the call.

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CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1: [redacted]

Sep 5: 508 TOW missiles delivered to Iran (Tabriz ?).

Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 24: Israel delivers 18 HAWK missiles to Iran.

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

Feb 14: U.S. delivers 1,000 TOWs to Iran via Israel.

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

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Declassify: OADR ~~UNCLASSIFIED~~

N 2055 12/4/86 Ky

Partially Declassified/Released on 5/7/87
under provisions of E.O. 12356
by Peger, National Security Council

UNCLASSIFIED N 5618

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2

May 23:	U.S. delivers 508 TOWs to Israel (replacements).
May 24:	[redacted]
May 25-27:	McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.
Jun 10:	Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.
Jul 26:	Father Jenco released.
Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Sep 19-20:	Discussions in Washington with new Iranian intermediary.
Oct 03:	White House approves provision of intelligence to Iran [redacted]
Oct 06:	U.S. representatives meet Iranian representatives in Europe.
Oct 26:	Frankfurt meeting of U.S. and Iranian representatives.
Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 07:	500 TOW missiles delivered to Israel (replacments).

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17 Nov 86
11/07/86

N 5619

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1: [redacted]

Sep 2: 508 TOW missiles delivered to Iran (Tabriz ?).

Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-18 Meetings in London

Nov 24: Israel delivered 18 [redacted] HAWK missiles to Iran [redacted].

Dec 6-8 Meetings in London

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

Feb 9-? Meetings - Geneva, London & Frankfurt

Feb 14-19-? Feb 14: U.S. delivers 1,000 TOWs to Iran via Israel.

[redacted]

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

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12/4/86
11 pp.

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[redacted] declassified on 5/2/87

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May 22-28 Meetings in London, Cyprus, & Tel Aviv.

May 23: U.S. delivers 508 TOWs to Israel (replacements).

May 24: [redacted]

May 25-27: McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.

Jun 10: Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.

Jul 26-28 Meetings in Frankfurt.

Jul 26: Father Jenco released.

Aug 03: Remainder of 240 HAWK missile parts delivered to Tehran.

Aug 6 Frankfurt meetings

Sep 19-20: Discussions in Washington with new Iranian intermediary.

Sep 22-23 Meetings in London.

Oct 03: White House approves provision of intelligence to Iran [redacted].

Oct 5-7 Frankfurt meetings

Oct 06: U.S. representatives meet Iranian representatives in Europe.

Oct 26: Frankfurt meeting of U.S. and Iranian representatives.

Oct 27-28 Frankfurt meetings

Oct 29: 500 TOW missiles delivered to Iran from Israel.

Nov 02: David Jacobsen released.

Nov 07: 500 TOW missiles delivered to Israel (replacments).

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19-66

See Hearing Exhibit DTR-36

Chapter 19. Footnote 67

#58

TOP SECRET ~~TOP SECRET~~ November 12, 1986
(Maximum Version)

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N93131

Partially Declassified/Released on 3 May 87
under provisions of E.O. 12356
Reger, National Security Council

IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. When the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public, radical elements in Tehran forced the ouster of the government. That episode has influenced subsequent Iranian willingness to be engaged in any direct contact with the USG.

Despite Iranian reluctance to enter into a relationship with the USG, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations.

Iran, the key to a region of vital importance to the U.S., is increasingly threatened by growing Soviet military and political influence along its borders and inside its country. The increasing desperation brought on by the costs of the Iran-Iraq war further exacerbates Iran's vulnerability to growing Soviet influence. Moreover, Soviet designs in Afghanistan and actual threats to Iran have made reopening a strategic dialogue increasingly important. [redacted] 19-67

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] Despite U.S. willingness to proceed, none of these overtures have succeeded.

Various individuals and private parties have likewise attempted to be helpful as intermediaries in arranging the release of our citizens held hostage in Lebanon. [redacted]

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[redacted]

In late 1984, the USG was approached by a representative of the Israeli government (David Kimche), suggesting that they had established a liaison relationship with an Iranian expatriate (Manucher Gorbanifar) in Europe who could serve as an intermediary in creating a direct contact. In addition to the strategic possibilities, this contact indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The USG encouraged the Israelis to proceed with this contact to determine whether or not it was valid. In December, [redacted] U.S. established an indirect contact with the Ira[redacted], the through a private U.S. citizen (Michael Ledeen) and a senior Israeli official (Amiram Nir). [redacted] through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of State policy.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. Mr. Rafsanjani, in his speech on November 4, 1986 for the first publicly admitted his role in this [redacted] Again, this contact was conducted by the NSC [redacted] direction of [redacted]

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and advised that they intended to proceed, unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in their war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

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On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. Shortly thereafter, the U.S. acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish our own strategic dialogue with the Iranian government.

Throughout the remainder of 1985, the USG maintained contact with the Iranian expatriate and held a number of meetings in Europe all of which included NSC and CIA representatives, in addition to the Israeli point of contact and the Iranian. Despite our efforts to convince the Iranians, through this channel to meet face-to-face with the Americans, they demured.

[redacted]

In December, 1985, the National Security Advisor met with Israeli officials and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and acting in concert against Soviet activities in the region.
- Using their influence over radical groups in Lebanon to bring about the release of the hostages.

In January, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The escalation of tensions with Libya, including the April strike, prevented further dialogue from taking place until the Iranians contacted the intermediary in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals.

On May 15, the President authorized a secret mission by former National Security Advisor McFarlane, accompanied by a CIA officer, members of the NSC staff, and the Israeli and Iranian interlocutors on a trip to Tehran. In order to ensure

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operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare parts). Despite promises of meetings with top-level Iranian officials, the McFarlane trip did not fully achieve its desired goals in that the Iranians did not produce top-level officials for the meetings.

Despite this shortcoming, lengthy meetings were held with mid-level Iranian officials during the four-day trip, the first direct contact between the two governments in over six years. McFarlane and his team were able to establish the basis for a further relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using the Presidentially approved Terms of Reference, which had been reviewed by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages were an obstacle to progress. The Iranians emphasized that the U.S. embargo on hardware paid for by the Shah was, for them, the most significant obstacle to improved relations.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interests in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

At this point, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In late September, discussions were initiated in Washington with this close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a strategic dialogue with Tehran. As a confidence-building measure, the United States provided limited intelligence to Iran so that it would contribute to ending the Iran-Iraq War.

Convinced of the seriousness of U.S. intentions, a series of meetings were held in Europe between U.S. and Iranian representatives. During these sessions, the U.S. side consistently presented the hostages as an obstacle to more rapid progress. The Iranians, for their part, urged that we take a more active role in support for the Afghan resistance.

[redacted]

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[redacted] The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank captured from Iraq. As a further demonstration of U.S. earnest, Israel provided Iran with an additional increment of defensive missiles on October 29.

[redacted] we know that moderate factions in Iran prevailed over more radical elements to use their influence over the Hizballah, enabling the November 2 release of David Jacobsen. Jacobsen's release was assisted by the efforts of Terry Waite, who was on-scene in Beirut when it occurred.

This entire process was interupted by the radical wing in late-October when it revealed the contact with the USG and the terms of the contact. The moderate political leaders now feel constrained to settle their internal political problems before proceeding with the budding relationship with the USG. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The arrest of radical leader Mehdi Hashemi, a close confidant of Aytollah Montezari, for acts of terrorism and treason has exacerbated the internal conflict. Our problem with the hostages is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the itnernal Iranian power struggle. Further, Rafsanjani's speech on November 4 intentionally misrepresented a number of essential facts in order to preserve latitude for both parties. Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 1,008 TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding. All relevant Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of the Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

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Chapter 19
Footnote 1 of 1, 169
N 9368

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati intervened with the captors. Rafsanjani, in his speech on November 4, 1986 for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

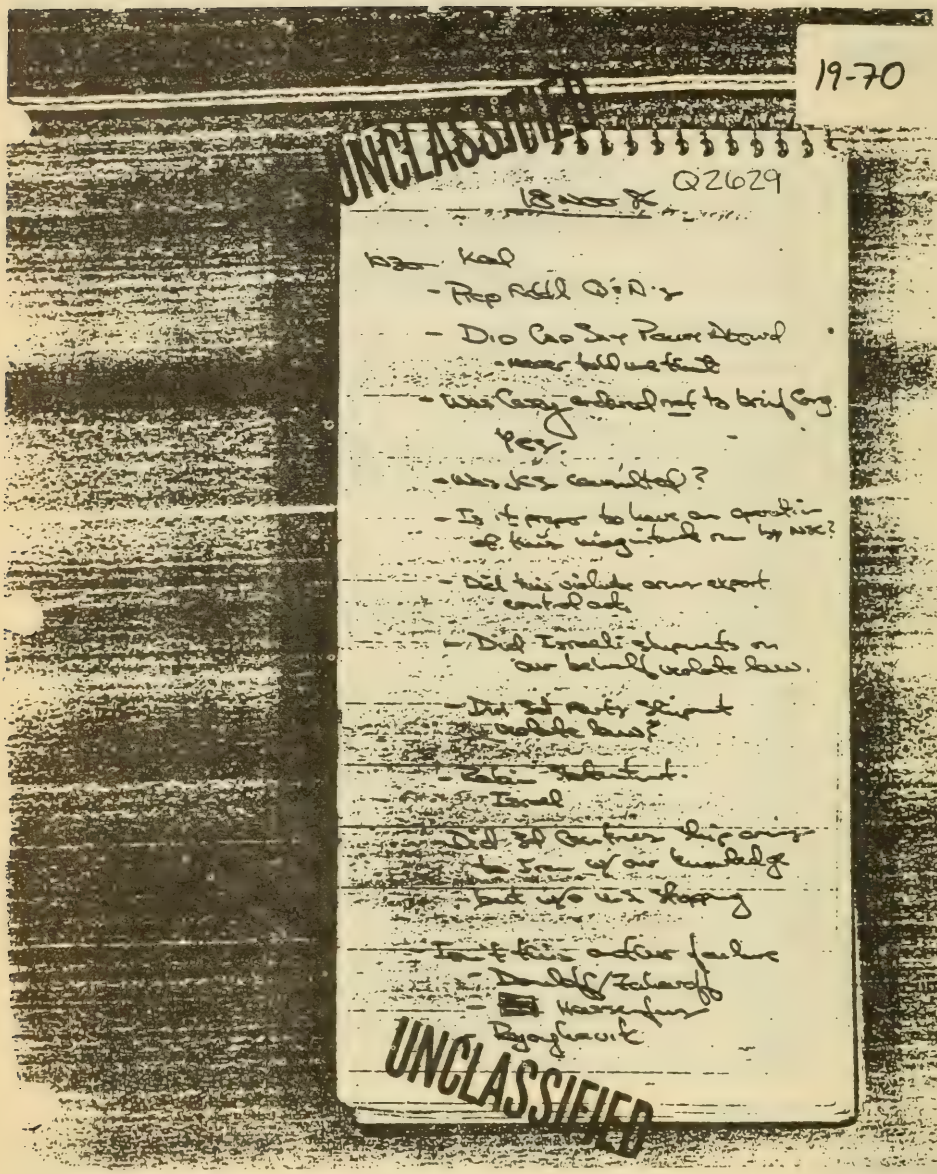
On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesed in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place by the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

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Chapter 19, Footnote 70



19-71

See Hearing Exhibit 95A

Chapter 4, Footnotes 73, 80

From: NSRCM --CPUA Date and time 11/18/86 23:07:07
To: NSCMN --CPUA

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19-73

NOTE FROM: ROBERT MCFARLANE
Subject: Chronology
**** Forwarding note from NSRCM --CPUA 11/18/86 23:06 ****
To: NSJMP --CPUA- JOHN M. POINDEXTER

Partially Declassified/Released on 4 Jul 1987
under provisions of E.O. 12356
by R. Reger, National Security Council

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Chronology

I have just finished reading the chronology. Much of it is coming to me for the first time--primarily the material on what went on between Jan-May'86--and I am not really able to comment on how to deal with that.

It seems to me that I ought to limit my input to what I recall from my involvement before Jan '86 and then from the May meeting. In that context, I would recommend deleting all material starting on the 11/17 (2000) version at page three, penultimate para (i.e. In 1985, a private...) down through the third para on the following page (ending with...strategic dialogue with the Iranian government.) and replace with the following.

"In July of 1985, during a visit to Washington, an Israeli diplomat advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high level dialogue with them. The Iranians were described as comprising the principal figures of the government (i.e.Speaker of the Majlis Rafsanjani and Prime Minister Musavi) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli diplomat as to why he found the Iranian proposal credible, given the events of the past 6 years. He replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks (i.e. by exposure of themselves in meetings with Israelis to compromise as well as by the tranfer of extremely sensitive intelligence on the situation (and political lineup) within Iran; information which was proven valid).

cn

The Israeli asked for our position/agreeing to open such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This was conveyed back to the Israeli diplomat.

Within days the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position and that the Iranians had responded that recognizing the need for both sides to have tangible evidence of the bona fides of the other, that from their side they wanted us to know that they believed they could affect the release of the Americans held hostage in Lebanon.

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As a separate matter the Iranians stated that they were vulnerable as a group and before having any prospect of [illegible] affect change within Iran they

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would need to be substantially strengthened. To do so they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of US equipment. The Israeli asked for our position toward such actions.

Mr McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that while he could understand that, assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tnagible material, that at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military material. This was conveyed to the Israeli.

Within days (mid August) the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the US government would be to an Israeli transfer of modest quantities of material. McFarlane replied that to him, that would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the US but that a problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US--they had done so for a generation and would do so in the future--but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support such elements with material, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14,1985, Reverend Benjamin Weir...(continue as written on page 4)

(At end of para, insert the following) We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although some of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our positon against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress for as long as groups seen as dominated by Iran held US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges.Mr. McFarlane acknowledged the position but stated we could not change our position and returned to Washington. He debriefed the President and appropriate Cabinet officers, recommending that no further action be pursued. He then left the government.

(Note: Enter at the appropriate place, the following account of RCM's involvement in the May meeting.)

In April, Mr McFarlane was contacted and advised / that further staff-level contacts had been pursued since he had left government that had led to an

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arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text).

cc: NSAGK [redacted]-CPUA ALTON G. KEEL

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One page denied in its entirety.

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19-74

See Hearing Exhibit Singlaub-7

~~TOP SECRET~~ UNCLASSIFIED (Historical Chronology)
Chapter 19
Footnote 19-74

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

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~~TOP SECRET~~
Declassify: OADR
Partially Declassified/Released on 22 Jan 1982
under provisions of E.O. 12356
by B. Reger, National Security Council

~~TOP SECRET~~ UNCLASSIFIED

-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:



The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

19-74

See Hearing Exhibit OLN-24

TOP SECRET UNCLASSIFIED N 5617 11/07/86 Chau Fax 19-75

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [redacted]

(1) Sep 13: 508 TOW missiles delivered to Iran (Tabriz ?).

(4) Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

(2) Nov 24 : Israel delivers 18 HAWK missiles to Iran.

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

(3) (3) Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel.

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

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Partially Declassified/Released on 5/7/87 under provisions of E.O. 12356 Peger, National Security Council

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May 23: U.S. delivers 508 TOWs to Israel (replacements).

May 24: [redacted]

May 25-27: McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.

Jun 10: Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.

Jul 26: Father Jenco released.

(3) Aug 03: Remainder of 240 HAWK missile parts delivered to Tehran.

Sep 19-20: Discussions in Washington with new Iranian intermediary.

Oct 03: White House approves provision of intelligence to Iran [redacted]

Oct 06: U.S. representatives meet Iranian representatives in Europe.

Oct 26: Frankfurt meeting of U.S. and Iranian representatives.

(2) Oct 29: 500 TOW missiles delivered to Iran from Israel.

Nov 02: David Jacobsen released.

Nov 07: 500 TOW missiles delivered to Israel (replacments).

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N 5619

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [redacted]

Sep 2 : 508 TOW missiles delivered to Iran (Tabriz ?).

Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-18 Meetings [redacted] London

Nov 24 : Israel delivered 18 [redacted] HAWK missiles to Iran [redacted].

Dec 6-8 Meetings in London

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

Feb 5-7 Meeting: Geneva
Feb 19-2 London & Frankfurt

Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel.

[redacted]

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

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[redacted] declassified on 5/2/97

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May 22-28 Meetings in London, Cyprus, & TEL AVIV.

May 23: U.S. delivers 508 TOWs to Israel (replacements).

May 24: [redacted]

May 25-27: McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.

Jun 10: Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.

Jul 26-28 Meetings in Frankfurt.

Jul 26: Father Jenco released.

Aug 03: Remainder of 240 HAWK missile parts delivered to Tehran.

Aug 6 Frankfurt meetings

Sep 19-20: Discussions in Washington with new Iranian intermediary.

Sep 22-23 Meetings in London.

Oct 03: White House approves provision of intelligence to Iran [redacted].

Oct 5-7 Frankfurt meetings

Oct 06: U.S. representatives meet Iranian representatives in Europe.

Oct 26: Frankfurt meeting of U.S. and Iranian representatives.

Oct 27-28 Frankfurt meetings

Oct 29: 500 TOW missiles delivered to Iran from Israel.

Nov 02: David Jacobsen released.

Nov 07: 500 TOW missiles delivered to Israel (replacments).

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Chapter 1C
Footnote 19-76

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. When the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public, radical elements in Tehran forced the ouster of the Bazargan government. That episode has influenced subsequent Iranian willingness to engage in any direct contact with the USG.

Despite Iranian reluctance to enter into a relationship with the USG, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran, the key to a region of vital importance to the U.S., is increasingly threatened by growing Soviet military and political influence along its borders and inside its country. The increasing desperation brought on by the costs of the Iran-Iraq war further exacerbates Iran's vulnerability to growing Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran have made reopening a strategic dialogue increasingly important. [redacted]

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] Despite U.S. willingness to proceed, none of these overtures have succeeded.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in arranging the release of our citizens held hostage in Lebanon. [redacted]

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[redacted]

In 1985, a private American citizen was approached by a representative of the Israeli government, who reported that they had established a liaison relationship with an Iranian expatriate in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based largely upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, in 1985, the U.S. established an indirect contact with the Iranian intermediary, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of State policy.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. Speaker of the Majlis, Rafsanjani, in his speech on November 4, 1986 for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

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On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted] Shortly after Reverend Weir's release, the U.S. acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

Throughout the remainder of 1985, the USG maintained contact with the Iranian expatriate. A number of meetings were conducted in Europe including NSC, CIA, Israeli, and Iranian representatives. From the outset, the U.S. side sought to arrange a direct meeting with high-level Iranian officials. In December, 1985, the National Security Advisor met with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

He made clear that any such dialogue could not develop without the prior release of U.S. hostages. He also made clear that we could not engage in trading arms for hostages.

In January, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The escalation of tensions with Libya, including the April 14 strike, prevented further dialogue from taking place until the Iranians contacted the intermediary (Gorbanifar) in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the murder of hostage Peter Kilburn [redacted] allegedly in retaliation for the U.S. raid on Libya. The Iranian expatriate told the NSC and CIA officers, who met with him, that the Iranians did not wish to be accused of any culpability in Kilburn's death.

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On May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA officer, members of the NSC staff, and the Israeli and Iranian interlocutors. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare parts). At the specific of Iran, alias foreign documentation was obtained from the CIA.

In the course of this four-day visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a further relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

The Iranians emphasized that the U.S. embargo on hardware paid for by the Shah was, for them, the most significant deterrent to improved relations. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed in light of their failure to exert their influence to cause the release of the hostages.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint. On August 3, a planeload of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in ~~Bendar Abbas~~ (from Israel).

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In early August, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with a relative [redacted] of a senior Iranian official (Rafsanjani). In early September, discussions were initiated in Washington with this close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war.

Through August, September, and October, further meetings were held in Europe between U.S. and Iranian representatives. During these sessions, the U.S. side consistently insisted that the release of the hostages was a pre-requisite to any progress. The Iranians, for their part, urged that we take a more active role [redacted] The Iranians also proffered, and the U.S. accepted, ~~the offer of~~ a Soviet T-72 tank [redacted]. As a further demonstration of U.S. good faith, Israel provided Iran with an additional increment (500 TOW missiles) of these ~~defensive~~ weapons on October 29.

Soon thereafter, the moderate faction in Iran prevailed over more radical elements to use their influence over the Hizballah, enabling the November 2 release of David Jacobsen. Jacobsen's release was assisted by the efforts of Terry Waite, who was on-scene in Beirut when it occurred.

The persistent U.S. effort to establish contact with Iran has intensified a power struggle in Iran between moderate elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a highly fabricated version of the McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The

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revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The arrest of radical leader Mehdi Hashemi, a close confidant of Aytollah Montezari, for acts of terrorism and treason has further exacerbated the internal conflict. Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements. Despite these difficulties, the Iranians have maintained direct contact with the USG. U.S. (CIA and NSC) and Iranian government representatives met in Germany on November 5-7 and again in Geneva on November 9-10. [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S.* Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 1,008 TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding. The weapons and materiel provided under this program are in no way adequate to alter the balance of military power nor the outcome of the war with Iraq. They have, however, had a positive effect on the Afghan resistance and demonstrated the U.S. commitment to Iranian territorial integrity.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

* Note: We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapprochment with Iran we are seeking.

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Chapter 19, Footnote 77

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed

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Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 [redacted] HAWK missiles to Iran in order to improve the strategic defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. By mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986. On December 7-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.
- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. In accord with extant statutes, the President directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted]), a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted]

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19-77

See Hearing Exhibits OLN-19 and JMP-95

19-78

See Hearing Exhibits OLN-20 and JMP-96

Chapter 9, Footnotes 73, 80

From: NSRCM --CPUA
To: NSCIA --CPUA

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and time 11/18/86 23:07:07

[redacted]

19-80

NOTE FROM: ROBERT MCFARLANE
Subject: Chronology
*** Forwarding note from NSRCM --CPUA 11/18/86 23:06 ***
To: NSJMP --CPUA- JOHN M. POINDEXTER

[redacted]

Partially Declassified/Released on 4 Jul 1987
under provisions of E.O. 12356
by S. Reger, National Security Council

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Chronology

I have just finished reading the chronology. Much of it is coming to me for the first time--primarily the material on what went on between Jan-May'86--and I am not really able to comment on how to deal with that.

It seems to me that I ought to limit my input to what I recall from my involvement before Jan '86 and then from the May meeting. In that context, I would recommend deleting all material starting on the 11/17 (2000) version at page three, penultimate para (i.e. In 1985, a private...) down through the third para on the following page (ending with...strategic dialogue with the Iranian government.) and replace with the following.

"In July of 1985, during a visit to Washington, an Israeli diplomat advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high level dialogue with them. The Iranians were described as comprising the principal figures of the government (i.e.Speaker of the Majlis Rafsanjani and Prime Minister Musavi) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli diplomat as to why he found the Iranian proposal credible, given the events of the past 6 years. He replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks (i.e. by exposure of themselves in meetings with Israelis to compromise as well as by the tranfer of extremely sensitive intelligence on the situation (and political lineup) within Iran; information which was proven valid).

cn

The Israeli asked for our position/agreeing to open such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This was conveyed back to the Israeli diplomat.

Within days the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position and that the Iranians had responded that recognizing the need for both sides to have tangible evidence of the bona fides of the other, that from their side they wanted us to know that they believed they could affect the release of the Americans held hostage in Lebanon.

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As a separate matter the Iranians stated that they were vulnerable as a group and before having any presence of [redacted] affect change within Iran they

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would need to be substantially [illegible] they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of US equipment. The Israeli asked for our position toward such actions.

Mr McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that while he could understand that, assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible material, that at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military material. This was conveyed to the Israeli.

Within days (mid August) the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the US government would be to an Israeli transfer of modest quantities of material. McFarlane replied that to him, that would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the US but that a problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US--they had done so for a generation and would do so in the future--but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support such elements with material, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14,1985, Reverend Benjamin Weir...(continue as written on page 4)

(At end of para, insert the following) We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although some of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our positon against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress for as long as groups seen as dominated by Iran held US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges.Mr. McFarlane acknowledged the position but stated we could not change our position and returned to Washington. He debriefed the President and appropriate Cabinet officers, recommending that no further action be pursued. He then left the government.

(Note: Enter at the appropriate place, the following account of RCM's involvement in the May meeting.)

In April, Mr McFarlane was contacted and advised / that further staff-level contacts had been pursued since he had left government that had led to an

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arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text).

cc: NSAGK S-CPUA ALTON G. KEEL

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One page denied in its entirety.

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November 18, 1986

Chapter

Footnote 19-82

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggested to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar was introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Iranian government officials, contacted by Israelis and Ghorbanifar, help in obtaining the release of four Americans held separately from the rest of the hijacked passengers. Last known instance of Iranian influenced group perpetrating terrorism against U.S. nationals.

Aug 30: 508 TOW missiles delivered to Iran from Israel.

Sep 01: [redacted]

Sep 14: Reverend Benjamin Weir released.

Oct 04: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-19: Meetings in London with Waite and Ghorbanifar.

Nov 24: Israel delivers 18 HAWK missiles to Iran [redacted]

Dec 06-08: Meeting in London with....

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 22: Ghorbanifar to U.S. for talks with U.S. officials.

Dec 23: Nir became primary Israeli POC.

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1986

Jan 06: Presidential Finding on Iran.

Feb 05-07: Meetings in Geneva with Nir and Ghorbanifar (CIA and NSC).

Feb 19-21: Meetings in London and Frankfurt (Ghorbanifar [redacted]

Feb 14: U.S. delivers 1,000 TOWs to Israel.

Feb 20-21: 1,000 TOWs delivered to Tehran from Israel.

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for indebtness apparently related to the FBI sting of arms sales to Iran by private citizens from the U.S., Germany, and Israel.

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Establish a correct relationship with Iran.
-- End Iran-Iraq war.
-- Return U.S. hostages.

May 22-28: Meetings in London ([redacted] Cyprus ([redacted]), and Tel Aviv (Nir and Rabin).

May 23: U.S. delivers 508 TOWs to Israel (replacements).

May 24: [redacted]

May 25-27: McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.

Jun 10: Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.

Jun 30-Jul 02: Ghorbanifar in U.S. for discussions with CIA and NSC.

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Jul 26-28:	Meetings in Frankfurt (Ghorbanifar, Nir, NSC, and CIA).
Jul 26:	Father Jenco released.
Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Aug 06:	Frankfurt meetings.
Aug 10:	Initial contacts with [redacted] in Madrid and London.
Sep 19-20:	Discussions in Washington with new Iranian intermediary (NSC and CIA).
Sep 22-23:	Meetings in London (CIA, NSC with Nir).
Oct 03:	White House approves provision of intelligence to Iran[redacted]
Oct 05-07:	Frankfurt meetings (CIA, NSC[redacted].
Oct 26-28:	Frankfurt (Mainz) meetings of U.S. and Iranian representatives (CIA, NSC, Israeli rep [Nir], and [redacted].
Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 05-07:	Meetings in Geneva with [redacted] (NSC and CIA).
Nov 07:	500 TOW missiles delivered to Israel (replacements).

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[redacted] Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapprochment with Iran we are seeking.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only two shipments from Israel to Iran. Specifically,

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

-- The November 1985 shipment of 8 Israeli HAWK missiles was not an authorized exception to policy. This shipment was eventually retrieved in February 1986 as a consequence of U.S. intervention.

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See Hearing Exhibit OLN-24

CHAPTER 20. NOVEMBER 1986: THE ATTORNEY GENERAL'S INQUIRY

Ch. 20 #3

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20-3

Appointment Schedule
Admiral Poindexter Phone Calls
November 21, 1986

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Friday 11/21

7:20AM	Talked with Director Casey on Secure
9:22AM	CPL-AG Meese (before you see the President) on Secure
10:40AM	CPL-Adm. Stansfield Turner [redacted]
11:16AM	CPL [redacted] (Keel talked at 11:30)
11:25AM	General Secord (at Noon: [redacted]
NOTES:	REMINDERS
	- Call Dr. Brzezinski [redacted] Trudy)
	- Call Jeane Kirkpatrick [redacted]
	- Call Brent Scowcroft [redacted] Eva)
	OUTSTANDING
	11/18-Judge Clark [redacted]

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by K. Johnson, National Security Council

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Ch. 20 # 23

20-23

Appointment Schedule
Admiral Poindexter
November 21, 1986

October						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Friday 11/21

7:30AM	8:50AM	House Permanent Select Committee on Intelligence - Sit Rm
8:00AM		DOM (McDaniel to attend)
9:00AM	10:30AM	Senate Select Committee on Intelligence - Sit Rm
10:00AM	10:30AM	(P/Mtg w/Senators Robert Dole & Robert Byrd - Oval)
10:30AM		P/NSB (Keel handled)
10:45AM	10:50AM	P/Photo-Op w/Pres Namphy of Haiti - Oval (Keel handled)
11:25AM	11:30AM	Don Regan's ofc to see Larry Speakes
11:30AM	12:15PM	President (Oval)
12:15PM	12:25PM	Returned with AG Meese
1:00PM	1:27PM	P/Mtg w/Sec Weinberger - Oval
1:27PM	1:55PM	Ron Sable & Paul Thompson
1:30PM	1:43PM	(P/Photos w/Departing Ambassadors - Oval)
1:43PM	2:00PM	(P/Photos w/US Ambassadors - Oval)
1:53PM	1:58PM	Photo w/Richard Levine, Sylvia Levine, mother & Ann Diamond, Aunt
2:25PM	2:32PM	Ollie North
3:30PM	4:20PM	[redacted] (CIA) w/PBThompson

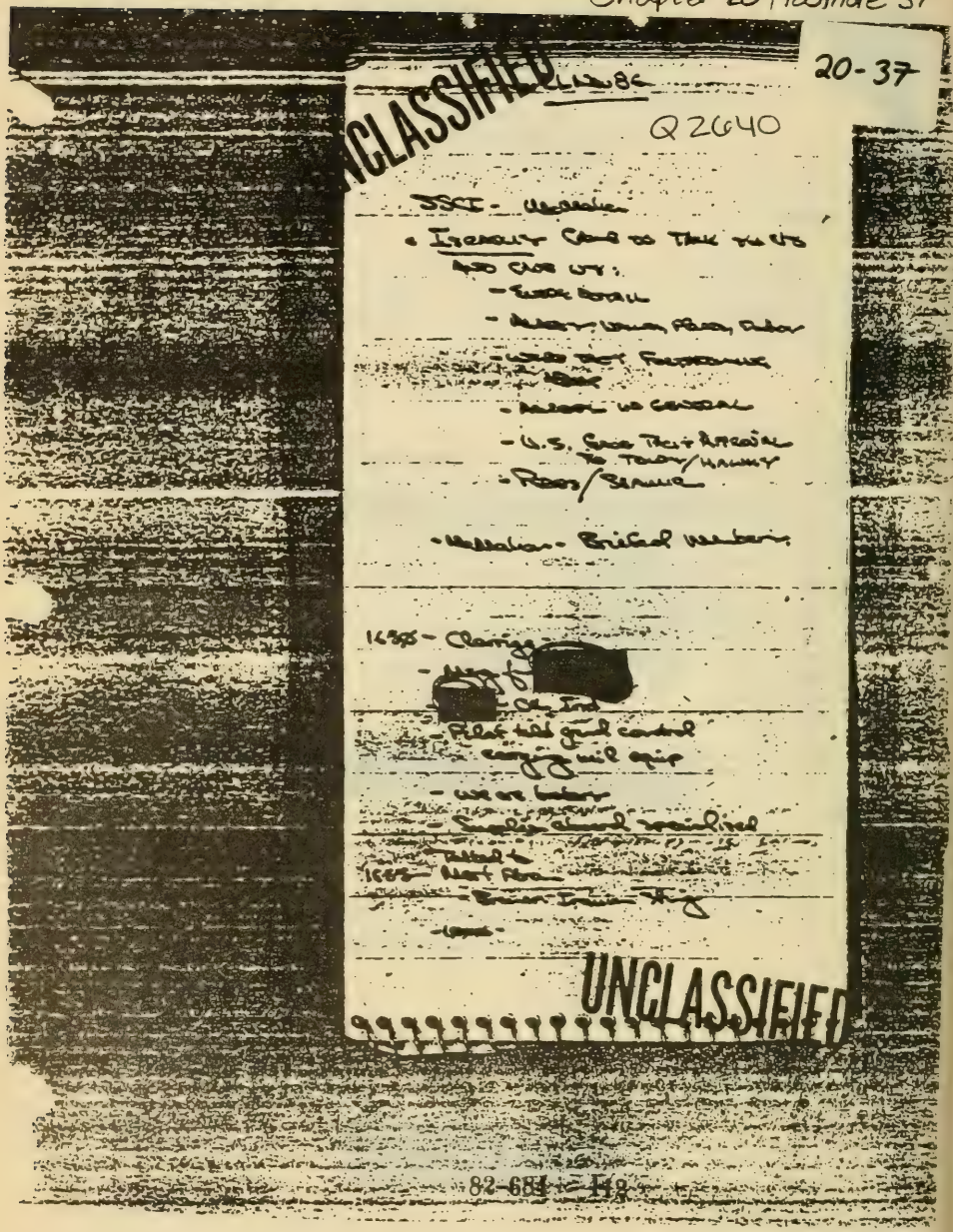
NOTES: P/CD SEE PAGE TWO

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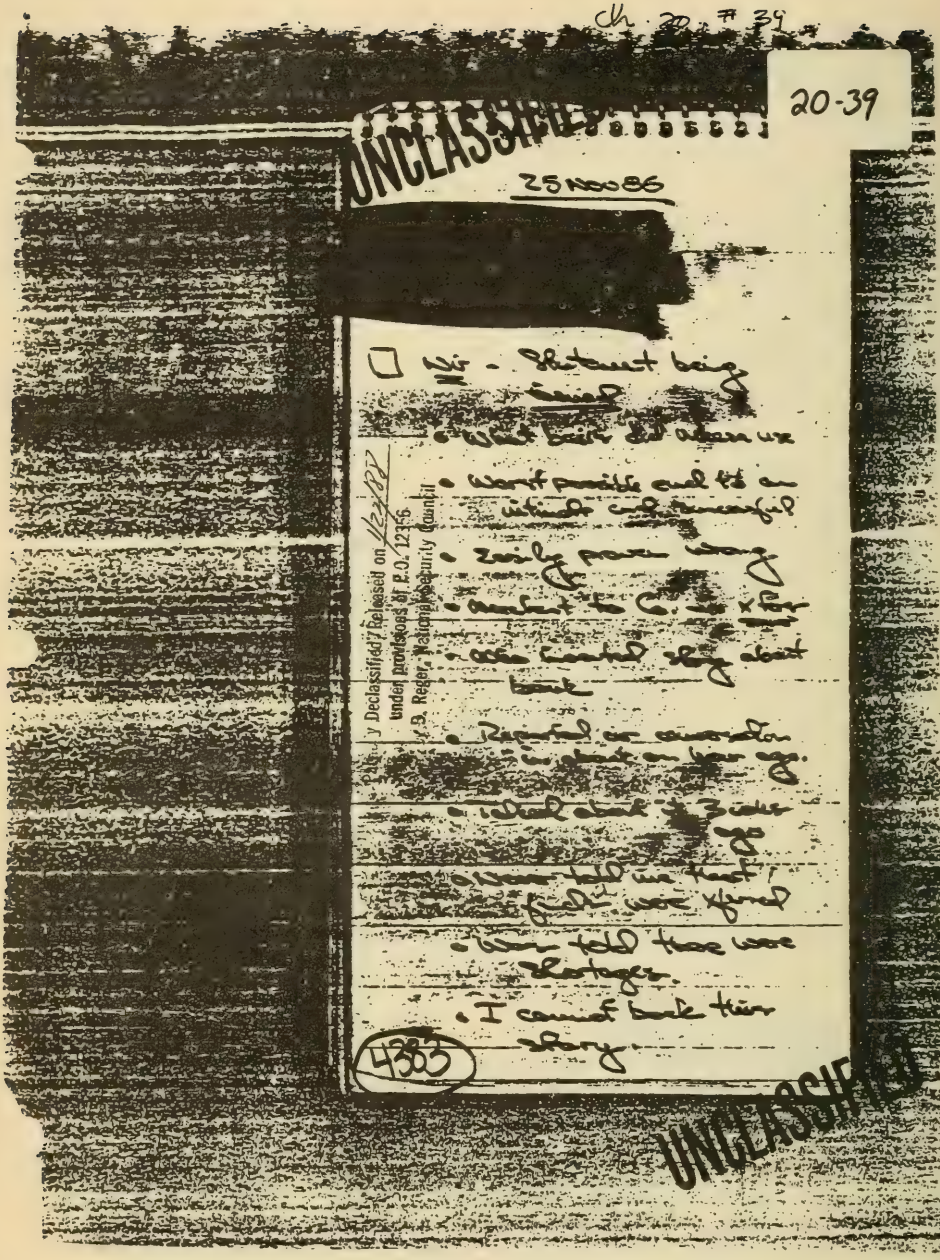
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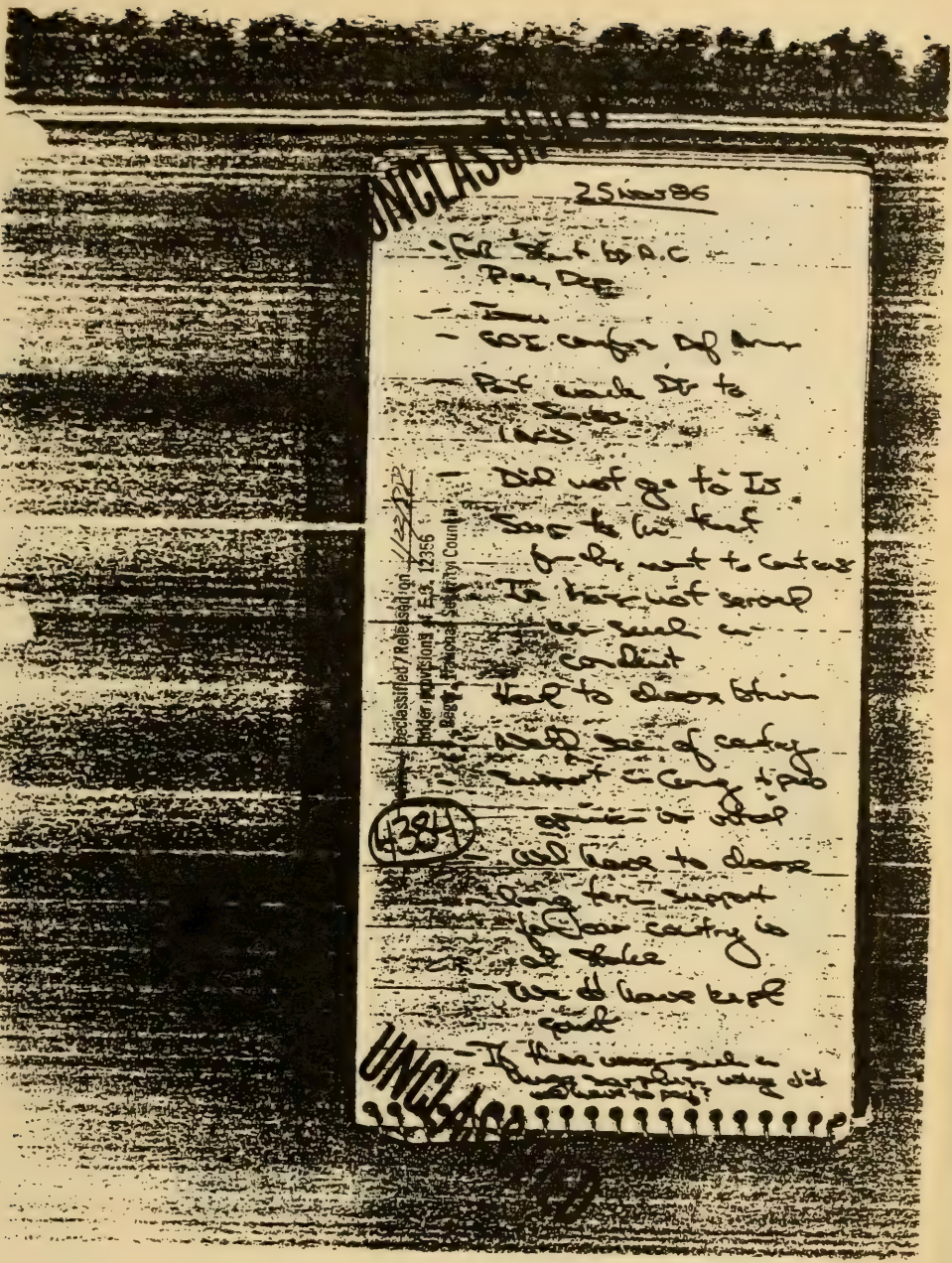
Chapter 20, Footnote 37



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See Hearing Exhibits OLN-69A, JMP-81, and DTR-5


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by Dept. Treasury Security Council
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Cha Foth 20-56

7/26/87
12:18 p.m.

CHRONOLOGY OF
NOVEMBER 20-25, 1986
JUSTICE DEPARTMENT INQUIRY

Thursday, November 20.

8:45 a.m. - 9:00 a.m.:
Meese joins staff meeting with Cooper and Richardson.

_____ - ____ (pre-10:15 a.m.):
Meese calls Casey.

12:00 p.m. - 1:15 p.m.:
Meese, Cooper, Reynolds, Bolton, Richardson have luncheon meeting re: Casey testimony.

1:30 p.m. - 3:00 or 3:30 p.m.:
Meese, Casey, Gates, Poindexter, North, Cooper, and Thompson meet in Poindexter's office re: Casey testimony. Cooper discovers discrepancy in testimony.

3:27 p.m. - ____:
Burns returns a call from Sofaer, who advises him of problems with Casey testimony.

3:50 p.m. - ____:
Burns tells Sofaer that the Attorney General has been advised of problems, but that Meese is aware of facts that explain everything.

3:30 p.m. - 5:45 p.m.:
Cooper is called into Wallison's office, with Thompson. Sofaer calls during meeting to say there is a problem with Casey's testimony. Sofaer tells Cooper he has spoken to Burns and is not satisfied with the response.

6:30 p.m. - 7:00 p.m.:
Sofaer calls Cooper about his concerns. Tells Cooper of contemporaneous State Department notes contradicting Casey's proposed testimony. Sofaer threatens to have the State Department (testifying with Casey) dispute any false statements made at the hearing and also says he will resign unless testimony corrected.

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10:30 p.m. - 11:00 p.m.:
Cooper calls Meese at West Point and passes on concerns, including existence of State Department notes. Meese agrees that more serious inquiry in order and says he will return to Washington. Instructs Cooper to call Poindexter.

11:00 p.m. - ____:
Cooper calls Poindexter and states that testimony cannot go forward as is. Poindexter states that he had tried to reach Casey who was too groggy to discuss the matter.

11:28 p.m. - ____:
Cooper advises Sofaer that he has spoken to Meese.

_____ - _____:
Shultz advises Reagan that some Administration statements will not stand up under scrutiny.

Friday, November 21.

7:20 a.m. - ____:
Casey speaks to Poindexter.

8:00 a.m. - 8:30 a.m.:
Cooper meets with Casey and Doherty re: testimony. Casey accepts revisions without comment. Jameson whispers to Cooper that there is evidence that the pilot knew there was military equipment on November 1985 shipment.

8:30 a.m. - _____:
DOJ staff meeting. Weld argues for Criminal Division inquiry.

9:00 a.m. - ____:
Casey testifies before House Intelligence Committee.

9:15 a.m. - 10:45 or 11:15 a.m.:
Meese, Burns, Reynolds, Cooper, Richardson meet. Meese decides to go to the President and recommend that he be commissioned to gather the facts.

9:22 a.m. - ____:
Meese calls Poindexter on secure phone and advises that he will ask President to authorize fact-finding. Requests that Regan and Poindexter join him at meeting with Reagan.

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11:00 a.m. - _____:
McFarlane meets with Ledeen at Ledeen's house. North arrives at 12:30 p.m. and meets with Ledeen for 5 minutes. McFarlane drives North downtown during which time North expresses concern that President be protected and tells him that he will have a shredding party.

11:17 a.m. - _____:
Meese receives call from Poindexter.

11:25 a.m. - _____:
Secord calls Poindexter.

11:30 a.m. - 3:00 p.m.:
Casey testifies before Senate Intelligence Committee.

11:30 a.m. - 12:15 p.m.:
Reagan meets with Meese, Regan, and Poindexter to discuss need for complete overview. Meese assigned task and told to report to NSPG on 11/24 at 2:00 p.m.

12:15 p.m. - 12:25 p.m.:
Meese and Poindexter meet. According to Robert Earl, North also meets with Meese, and asks whether he has 24 or 48 hours.

12:29 p.m. - _____:
Poindexter calls North.

12:45 p.m. - 1:45 p.m.:
Meese, Reynolds, Cooper, Richardson, and Bolton (?) have lunch. Meese assembles a team of lawyers "who had experience in this type of matter" and makes list of those to talk to.

1:30 p.m. - _____:
North meets with Poindexter.

1:45 p.m. - 2:15 p.m.:
Meese has "discussion" with Webster and they "agree" that the situation is not criminal in nature and therefore it is not appropriate to involve the FBI.

2:15 or 2:25 p.m. - 2:55 p.m.:
Meese, Reynolds, Cooper, Richardson, Bolton, and Eastland meet. Bolton briefs them on Casey testimony. Reynolds' notes of meeting indicate diversion of TOW missiles to contras is discussed.

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2:25 p.m. - 2:32 p.m.:
North meets with Poindexter. After this meeting or the one at 1:30 p.m., North returns to his office, and directs Fawn Hall to alter documents.

2:28 p.m. - _____:
Meese calls McFarlane.

2:58 p.m. - 3:00 p.m.:
Meese calls Poindexter on secure phone. Advises Poindexter that he will send over a "couple of his people" to review documents. Thereafter, Poindexter speaks to Thompson and North. North indicates he will destroy notebook. Poindexter does not try to stop him. Subsequently, Poindexter destroys December 5, 1985 finding on previous arms shipments to Iran.

_____ - _____:
Cooper calls Thompson.

3:15 p.m. - _____:
Ledeen visits North in North's office. North asks Ledeen what his story will be about the November HAWK shipment. Earlier North tells Ledeen that a source at the Department of Justice had advised him to get a lawyer.

3:30 p.m. - 5:35 p.m.:
Meese and Cooper interview McFarlane and they discuss finding. According to McFarlane, Meese apparently volunteers that oral finding sufficient; according to Cooper, there is no discussion of oral finding. There is no mention of either the diversion or the shredding party. As McFarlane leaving, he speaks to Meese alone, expressing view that President fully behind Iranian initiative and, according to Cooper, a desire to protect the President.

5:30 p.m. - 7:30 p.m.:
North and Hall destroy documents.

5:45 p.m. - _____:
McFarlane phones North from outside the Department of Justice and tells him about his interview with the Attorney General. North tells McFarlane he has been urged to get an attorney and warned that his phone may be bugged.

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____ - ____:
McFarlane calls Sofaer and Shultz seeking copies of State Department notes relating to 1985 arms shipments.

____ - ____:
North meets with Green.

6:09 p.m. - ____:
Meese receives call from Webster.

6:20 or 6:25 p.m. - 6:40 or 6:45 p.m.:
Meese, Cooper, Reynolds, and Richardson meet. Bolton joins the meeting from 6:30 to 6:35 p.m.

6:55 p.m. - ____:
Meese calls Weinberger.

7:05 p.m. - ____:
Meese calls Casey.

____ - ____:
Shultz calls Meese; interview is arranged for next morning.

____ - ____:
Richard Miller drives North to Green's office. Either on this drive or previous day, North tells Miller Meese has advised him to retain counsel.

Saturday, November 22.

2:00 a.m. - 7:00 a.m.:
McGinnis [redacted]

8:00 a.m. - 9:20 a.m.:
Meese and Cooper interview Shultz, with Charlie Hill present.

9:30 a.m. - ____:
Gates speaks to Poindexter on secure line.

9:45 or 9:50 a.m. - 10:00 a.m.:
Meese meets with Cooper.

9:50 a.m. - ____:
North speaks to Poindexter.

9:55 a.m. - ____:
Casey calls Meese.

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10:00 a.m. - 10:30 a.m.:
Meese, Cooper, Reynolds, Richardson meet.

10:15 a.m. - _____:
Meese speaks to Poindexter.

10:40 a.m. - _____:
Meese calls Thompson (for Cooper).

10:45 a.m. - _____:
Meese calls Poindexter.

10:58 a.m. - 11:07 a.m.:
Poindexter speaks to Bush.

11:10 a.m. - 12:45 p.m.:
Meese and Cooper interview CIA General Counsel Sporkin.

11:38 a.m. - _____:
Poindexter speaks to Casey.

12:05 p.m. - _____:
Reynolds and Richardson examine NSC files. Paul Thompson and Bob Earl present. DOJ officials review documents "presented to them" and have copies made of those considered important. They discover early April memo that explicitly refers to diversion. As they are leaving, North arrives and indicates he was aware they would be in NSC offices; volunteers to answer questions. According to North, he shreds documents while Reynolds and Richardson are in the office and continues while they are at lunch.

1:25 p.m. - 3:20 p.m.:
Casey and Poindexter, have lunch. North joins them at 2:50 p.m. (until 3:40). Alton Keel may have been there briefly according to Poindexter. According to Poindexter, no discussion of diversion or of destruction of 1985 finding. At 2:52 p.m., during the lunch, Regan calls Casey.

1:45 p.m. - 3:15 p.m.:
Meese, Reynolds, Cooper, and Richardson have lunch at Old Ebbitt. Reynolds advises Meese of diversion memo.

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____ - 7:15 p.m.:
Reynolds and Richardson return to NSC offices where North provides more documents. North indicates he expects "to take the fall". They do not review the files of Poindexter, McFarlane or Thompson. Richardson tells North that Meese wishes to meet with him. North tells Reynolds and Richardson he has retained an attorney.

3:40 p.m. - _____:
North calls Meese. Meese makes appointment with North to meet on 11/23 at 2:00 p.m. Agrees to allow North to go to church in morning.

3:46 p.m. - _____:
Casey calls Meese.

5:40 p.m. - _____:
Poindexter speaks to North.

5:45 p.m. - _____:
Meese meets with Casey at latter's home. They discuss Furmark and Canadian investors. Meese is "sure" that Casey "did not mention anything about Central America" and does not believe there was discussion of the contras or the Nicaraguan resistance.

6:00 p.m. - 8:45 p.m.:
Cooper goes to CIA with McGinnis and interviews Doherty, Dietel, Jameson, McHoffa, and [redacted]
Cooper has telephone conversation with [redacted]

Sunday, November 23.

9:00 a.m. - 10:45 a.m.:
Cooper goes to CIA with McGinnis and interviews Allen, Jameson, Doherty, and Clarridge.

9:15 a.m. - _____:
North calls McFarlane and asks to meet.

_____ - _____:
North speaks to Secord.

9:45 a.m. - _____ :
Cooper meets with Allen and Doherty.

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10:10 a.m. - _____:
Meese speaks to Casey. Cooper then meets with Casey.

10:45 a.m. - _____:
Reynolds and Richardson go to NSC.

12:30 p.m. - 12:45 p.m.:
North and McFarlane meet in latter's office with no one else present. According to McFarlane, North states that: (1) there is a problem with the diversion; (2) diversion was a matter of record in memo; and (3) it was an approved matter. Green arrives, and Secord arrives minutes later; McFarlane leaves them to talk in his office.

12:32 p.m. - _____:
Meese calls Regan.

12:40 or 12:45 p.m. - 2:00 p.m.:
Meese, Cooper, Reynolds, and Richardson meet.

2:15 or 2:55 p.m. - 5:55 p.m.:
Meese, Reynolds, Cooper, and Richardson interview North. (Meese leaves interview at 4:05 p.m.) North states: (1) arms deal authorized by Reagan; (2) idea of diversion surfaced in discussion with Nir in 1/86; (3) $3-4 million diverted after February shipment of TOWs and more after May shipment of HAWK parts; (4) Israel controlled the money; (5) North gave Swiss account numbers (accounts opened by Calero) to Israelis; and (6) only he, McFarlane, and Poindexter aware of diversion. North is "visibly surprised" when shown undated memo. Unclear whether North tells Meese that he does not think that the undated memo was used or sent for approval.

_____ - _____:
North calls McFarlane and tells him about Meese interview.

_____ - _____:
North calls Poindexter and then shreds more documents. Remains in office shredding until at least 4:50 a.m. when alarm is tripped.

6:00 p.m. - 6:45 or 7:00 p.m.:
Meese, Cooper, Reynolds, and Richardson meet.

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7:00 p.m. - ____:
Sofaer calls Cooper and says he fears there was excess profit from Iran arms sales. Believes money may have gone to contras because of involvement of Southern Air Transport in both operations.

Monday, November 24.

7:20 a.m. - 7:50 a.m.:
Meese, Reynolds, Cooper, Cribb, Richardson meet to review what found. Meese asks staff to look over criminal laws and other applicable statutes.

8:57 a.m. - _____:
Poindexter talks with McFarlane.

9:00 a.m. - 10:15 a.m.:
Cooper meets with Sofaer and Hill; sees 1985 notes on arms shipments.

9:12 a.m. - _____:
Poindexter calls North on secure phone.

[_____- _____:
Meese may have spoken to Webster.]

9:55 a.m. - _____:
Meese calls Weld.

10:00 a.m.- 10:30 a.m.:
Meese meets with McFarlane about diversion. McFarlane states that he only learned about it during May trip to Tehran. McFarlane does not tell Meese about "shredding party".

10:02-a.m. - _____:
Meese calls Regan.

10:10 a.m. - _____:
Meese calls Bush.

10:25 a.m. - _____:
Poindexter speaks to Casey.

10:29 a.m. - _____:
Poindexter speaks to Weinberger.

_____ - _____:
Meese has telephone conversation with Weinberger, who does "not have much to add."

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10:55 a.m. - _____:
Poindexter speaks to North on secure line.

11:00 a.m. - _____:
According to Regan, Meese meets with him and advises him of diversion and North's confirmation. Also according to Regan, Meese thereafter meets with Reagan; tells him he needs to complete review and will report later. According to Meese, he meets with Regan and Reagan and advises both of diversion.

11:44 a.m. - _____:
Meese calls McFarlane.

12:30 p.m. - 1:30 p.m.:
Meese, Reynolds, Cooper, Cribb, and Richardson meet.

1:30 p.m. - _____:
McGinnis tells Richardson that he had heard rumors at the CIA that Iran money was diverted to the contras. According to Cooper, he would likely have passed this information on to Meese.

1:40 p.m. - _____:
Meese meets with Bush.

2:00 p.m. - _____:
Reagan, Bush, Meese, Shultz, Weinberger, Regan, Poindexter, Casey, and Cave meet to discuss Iran. According to Meese, diversion not discussed.

2:00 p.m. - 3:45 p.m.:
Reynolds and Cooper meet with Green who describes Hakim's role in proposing diversion. Reynolds tells Meese of his conversation with Green, but Meese does not remember if Reynolds tells him that Green has confirmed the diversion.

2:44 p.m. - _____:
Secord talks to North.

4:15 p.m. - 4:20 p.m.:
Meese interviews Poindexter in latter's office for 10 minutes. Meese is alone and takes no notes. Poindexter acknowledges knowing "generally" about diversion and adds that North gave him "enough hints" to know the money was going to the contras. He did not inquire further, however, and told no one about the diversion. According to Poindexter, According to Poindexter, Meese does not ask him if

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he ever told the President; according to Meese, he does ask him, and Poindexter responds that he has not told the President or Regan.

4:30 p.m. - _____:
Meese meets with Reagan and Regan. He relates Poindexter statements and discusses "looking at what applicable criminal laws there might be." Meese later testifies that neither Regan nor Reagan "knew anything about this."

_____ - _____:
Meese meets with Bush.

_____ - _____:
Casey calls Cooper, after meeting with Furmark at the CIA. Asks what Cooper knows about "Lakeside Resources."

6:10 p.m. - _____:
Casey speaks to Poindexter on secure phone.

____ - ____:
Regan talks to Casey about diversion.

6:53 p.m. - _____:
Meese calls Poindexter.

PRIVACY

____ - [redacted]

Tuesday, November 25.

6:30 a.m. - _____:
Casey calls Meese.

6:35 or 6:40 a.m. - 6:45 or 7:00 a.m.:
Meese meets with Casey at latter's house. Richardson accompanies Meese in car, but is not present at meeting. According to Meese, Casey states that he had heard from Regan the previous evening about the diversion and that Poindexter was planning to resign. Casey tells Meese he will send him the Furmark memoranda.

_____ - _____:
Regan calls Meese at Casey's.

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7:15 - 7:45 a.m.:
Meese meets with Poindexter; advises him that time has come to submit resignation.

7:50 a.m. - _____:
Meese calls Weinberger.

7:50 a.m. - 8:02 a.m.:
Regan tells Poindexter to tender his resignation at the 9:30 a.m. briefing.

8:00 or 8:15 a.m. - _____:
Meese, Regan, Cooper, Thomas, Wallison meet. Review board proposed by Regan.

8:15 a.m. - 9:30 a.m.:
Cooper meets with Wallison and Thomas to draft Presidential statement. Thereafter, Cooper and Richardson meet with Buchanan, Speakes, Thomas and Wallison to review the statement.

8:55 a.m. - _____:
Poindexter speaks to Regan.

9:00 a.m. - 9:30 a.m.:
Meese meets with Reagan, Bush, and Regan and advises them of what he has learned and that a criminal investigation probably will be convened.

9:10 a.m. - _____:
Poindexter speaks to Weinberger.

9:20 a.m. - 9:30 a.m.:
Poindexter meets with North.

9:30 a.m. - 10:00 a.m.:
Meese meets with Reagan, Bush, Regan, and Poindexter. Poindexter resigns.

9:35 a.m. - _____:
Green speaks to North.

10:05 a.m. - 10:10 a.m.:
Poindexter meets with Meese.

10:15 a.m. - _____:
Meese attends NSC meeting with Reagan.

10:25 a.m. - _____:
Secord calls for Poindexter; speaks to Thompson.

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11:00 a.m. - 12:00 noon:
Meeting with Congressional leadership.

11:45 a.m. - 12:00 noon:
North's log indicates that Reynolds has telephone conversation with North and/or Green.

12:00 noon - 12:48 p.m.:
Meese press conference on diversion.

12:03 p.m. - _____:
Poindexter speaks to Casey on secure line.

1:30 p.m. - _____:
Cooper, Cribb, Reynolds, Bolton and Richardson have lunch in Cribb's office.

1:45 p.m. - 1:50 p.m.:
Meese meets with Webster. Tells Webster DOJ will research criminal statutes.

2:05 p.m. - 2:45 p.m.:
Meese meets with Webster(?), Burns, Reynolds, Cooper, Richardson, and Cribb. Trott joins meeting at 2:20 p.m. At this meeting, Meese directs Burns to notify White House Counsel to take security precautions, and directs Cooper to meet with Weld about applicable laws. (Burns fails to do this immediately.) Meese advises Webster that he is turning the matter over to the Criminal Division and would "probably" need FBI resources. (Those resources were requested the next day.) Cooper subsequently meets with Weld and briefs him.

____ - ____:
North, Secord, and Green meet.

3:00 p.m. - 4:00 p.m.:
Meese attends NSPG meeting with Reagan.

4:00 p.m. - 4:02 p.m.:
Meese meets with Poindexter.

4:10 p.m. - 4:40 p.m.:
Meese meets with Reynolds, Cooper, Cribb, and Richardson.

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4:40 p.m. - _____:
Meese has telephone conversation with Israeli Foreign Minister Peres. Peres states that Israelis handled no money, but merely told the Iranians what accounts to put it into.

6:40 p.m. - _____:
Meese meets with Richardson, Cribb, Burns, Trott, Reynolds, Cooper, Weld, Bolton, and Korten (to 6:50 p.m.) on "press update/guidance" and possible criminal violations.

_____ - _____:
Hall and North remove documents; exchange them in Green's car.

7:00 p.m. - 8:30 p.m.:
Cooper, Reynolds, and McGinnis meet with Susan Crawford and DOD personnel to discuss Economy Act transfers and pricing.

7:05 p.m. - _____:
McFarlane calls Meese.

Monday, December 1.

____ - ____:
Reynolds and Public Integrity Section lawyer William Hendricks meet with Green, despite objections from Criminal Division that Reynolds should not participate. Green represents Secord and requests immunity; he urges the Department not to apply for an independent counsel.

2:00 p.m. - _____:
Meese meets with Reagan.

2:20 p.m. - _____:
Meese meets with Burns, Cooper, Bolton, Cribb, Weld and representatives of the Criminal Division on Iran investigation.

Tuesday, December 2.

10:00 a.m. - ____:
Meese decides to apply for an independent counsel.

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Telephone Calls - Saturday 22 Nov 86

J 9419

9[55] am Rec'd call from Bill Casey

10[40] am Plc'd call to Paul Thompson, NSC, for Chuck Cooper (in AG ofc)

10[45] am Plc'd call to Adm. Poindexter

3[40] pm Rec'd call from Oliver North

3[46] pm Rec'd call from Bill Casey

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Chapter 20
Footnote 127

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THE WHITE HOUSE
WASHINGTON
September 4, 1987

20-127

Dear Victoria:

In accordance with the President's pledge to cooperate with the Select Committee's investigation and pursuant to the Select Committee's request for an "on the record" confirmation of certain matters, Barbara Browne has completed the enclosed Affidavit.

We understand that the enclosed Affidavit will be used in lieu of a deposition and that we will be consulted before it is publicly cited or released.

Thank you for your cooperation and understanding in this matter.

Sincerely,

Alan C. Raul
Associate Counsel to the President

Ms. Victoria Nourse
Assistant Counsel
Select Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
United States Senate
Washington, D.C. 20510

Enclosure

cc: W. Neil Eggleston, Esq.
George Van Cleve, Esq.

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under provisions of E.O. 12356
by B. Reger, National Security Council

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AFFIDAVIT

I, BARBARA E. BROWNE, hereby state as follows:

1. In July of 1986, I was employed as a secretary at the National Security Council, assigned to Lt. Col. Robert Earl and Commander Craig Coy. I worked in Suite 302 of the Old Executive Office Building, the same suite in which Lt. Col. Oliver North and his secretary, Fawn Hall, were located.

2. On Monday, November 24, 1986, I arrived at work in Suite 302. Sometime during the morning, Lt. Col. North said to me that the document shredder in the suite was jammed and not working. I looked at the shredder, and I noticed that the shred bag was full. I then called Ken Larkins and together with him, removed the shredder bag, taped it shut and set it outside the door of Suite 302 where, in accordance with standard procedures, it was removed in due course.

3. From July 7, 1986, when I first began working in Suite 302, the first time I recall seeing a full shredder bag was on Monday, November 24, 1986. During the period from July through November 1986, I used the shredder on one or two occasions to shred documents as requested by either Lt. Col. Earl,

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Lt. Col. North or Commander Coy. On those occasions, I confirmed that they were certain the particular documents should be shredded.

I declare under penalty of perjury that the foregoing is correct.

Barbara E. Browne

Date: September 4, 1987

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20-177

CLASSIFIED AT TIME OF PUBLICATION.

20-183

See Hearing Exhibit JMP-85

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COMMAND CENTER - [redacted]
Duty Officer - Marilee Melvin

As of cob 11/25/86

THE ATTORNEY GENERAL

Schedule for Tuesday, 25 November 1986

TIME	SUBJECT/VISITOR	LOCATION	PERI
6:35	Meeting with Bill Casey ✓	Casey Residence	10
7:25	John Poindexter ✓	AG Office	20
9:00 RR	VP/DTR ✓	Oval Office	30
9:30 RR	VP/DTR/JMP ✓	Oval Office	30
			15
10:15 RR	NSC Meeting		
11:00 RR	Meeting with Congressional Leadership	Cabinet Room	60
12:00 RR	Press Conference	WH Press Briefing Rm	48
12:50 RR	AG joins Supreme Court Luncheon	State Floor	60
2:00	AIB/SST/WBR/CJC/TKC/JWR		45
2:45	Depart for White House		
3:00 RR	NSPG Meeting (FOLDER)	Situation Room	60
4:10	WBR/CJC/TKC/JWR ✓		30

Per [redacted]/Released on 2/24/88
under provisions of E.O. 12356
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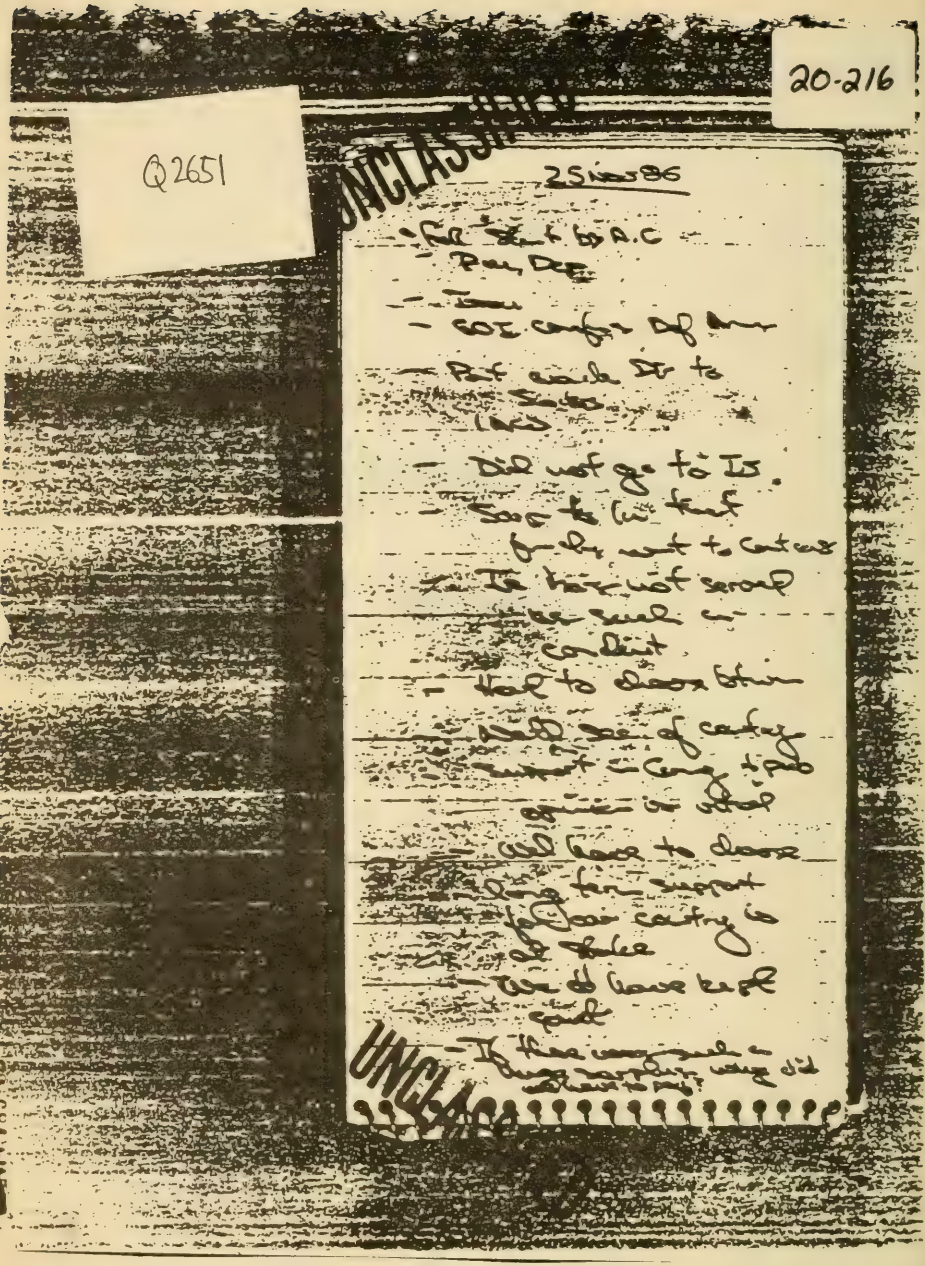
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CHAPTER 21. INTRODUCTION TO THE ENTERPRISE

Chapter 21, Tab 21-16

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AX 206A-182

SECORD INTERVIEWS

During initial interview on December 17, 1981, General Secord was advised that on a recent CBS Television interview with Douglas Schlachter, allegations were made that Secord and Edwin Wilson worked together to sell military equipment in Iran and attempted to obtain Russian weapons from Libya. General Secord said these allegations were absolutely false as his relationship with Wilson was strictly social. He said he has never entered into any type of business arrangement with Wilson, his companies, or associates. He said further that he never participated with Wilson in any type of intelligence operations nor has he at any time received any money or gratuities from Wilson or his associates. He said he met Wilson about ten years ago at a party, being introduced by Tom Clines. He had known Clines since both served together in Southeast Asia, with both later attending the Naval War College at Rhode Island together in 1971. Secord recalled that from 1972 to 1974, he saw Wilson on a social basis about ten times, having lunch together. He could not remember ever visiting Wilson's farm although invited many times by Wilson. In the summer and fall of 1976, he and Wilson had dinner together in Iran, with Wilson's wife present on one occasion. Wilson told Secord he was working with the Iranian Secret Police and U. S. Naval Intelligence. After returning to the U. S. in June, 1978, he saw Wilson on a social basis. Secord said he has had no contact with Wilson for the past two and a half years and last saw him in Brussels, Belgium, in February or March, 1979, while attending an official Government function. At this meeting, Wilson asked Secord if he was interested in MIG-25 aircraft. He also recalled that in late 1978, he attended a NATO conference in London, England, and met with Wilson while there. Wilson said he was working in Libya.

During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

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on that occasion. Secord said he and his staff had considerable influence over major decisions relating to contracting in Iran. He admitted ordering about a dozen small pocket computers that Wilson was displaying in Iran in late 1976 or early 1977, sending Wilson a check for $200 after receiving the items by mail. Secord recalled meeting Doug Schlachter in about 1978 and seeing him many times, always with Clines and usually at a bar or lounge in Northern Virginia. Secord said he bought a townhouse at Burke, Virginia, from Tom Clines as an investment in 1977, subsequently selling the house to Ed Wilson at the same price he purchased it for. Proceeds of $20,000 he got from sale of this house he invested in a house at Fort Walton Beach, Florida. He got the $20,000 in cash from Wilson at a meeting at a Northern Virginia lounge in about September, 1978. No receipt was given for this cash and he thought this cash transaction was unusual. He said others were present when this cash was personally given to him by Wilson. Secord acknowledged using a Beechcraft Baron aircraft that Wilson purchased in about September, 1978. He said he flew Wilson over his property once or twice and met Wilson's girlfriend, Bobbi Barnes, in this regard. The longest trip he made in Wilson's plane was to Miami, Florida, with Tom Clines, and he made other trips around the Washington, D. C. area and a trip to Fort Walton Beach, Florida, in it. He said he paid for the gas expended and utilized the aircraft as Wilson asked him to look after the aircraft periodically and Secord agreed to fly it occasionally. He said Jim Rhyne, an associate of Secord's who worked with Secord in the past, also flew the aircraft at Secord's request. The aircraft was ferried to Europe in 1979. Secord denied that his use of Wilson's aircraft was for any past or future favors.

In late 1978 to early 1979, he met with Wilson in London on a strictly social occasion. Secord was there with Erich Von Marbod seeing a British Government official regarding the Iranian situation. He had drinks with and chatted with Wilson on that occasion. He met Wilson next in Brussels about a year later at Wilson's request delivered by Clines. He had a few drinks with Wilson and the meeting lasted about two hours, with only he and Wilson present. Wilson appeared nervous and discussed Wilson's possibly procuring Soviet aircraft. Secord said he made no promises to Wilson and did nothing further regarding the matter.

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Secord said he and Clines, working under Ted Shackley, [redacted] Clines and Secord [redacted] He said at present Clines is one of his few close personal friends. He has had no direct or indirect share in Clines' companies. He said Clines told him that Wilson was responsible for getting a loan (of about $300,000) for Clines which started or assisted Clines in financing his companies. Secord denied having any interest in EATSCO. He said he traveled to Egypt with Von Marbod in May, 1979, during which Secord was to negotiate an F-4 aircraft deal with the Egyptians. He never heard of Hussein Salem until the summer of 1979. He denied having anything to do with contracting relating to the freight forwarder as pertains to the U. S.-Egyptian foreign military sales credit deal and EATSCO. He said he had no advance information regarding the U. S.-Egyptian foreign military sales loan agreement. Clines told him in 1979 that he was trying to get "part of the action" as related to the contract that Hussein Salem had apparently acquired with Egypt and mentioned he was associated with a freight forwarding company, the Hobelmann Company. Secord advised he first met Von Marbod in 1972 at the Pentagon, working closely with him during 1972-1974. He said they are close professional associates and also served together in Iran in the mid-1970's. He also worked with Von Marbod on [redacted] in the early 1970's. From summer of 1978 - spring 1981, he had almost daily professional meetings with Von Marbod at the Pentagon, including work on highly classified projects regarding Egypt. He recalled that he, Clines, Von Marbod, and several others were together at various Northern Virginia places on a social basis prior to the Camp David Accords situation for casual discussions regarding current events and other matters. Secord admitted visiting Clines' Middleburg, Virginia, residence about ten times and being at the Rotonda condominium owned by Clines or Shirley Brill on one evening. He recalled being at Clines' former Vienna, Virginia, townhouse on a few occasions, also.

During interview on May 20, 1982, Secord provided additional information regarding various areas previously discussed. He admitted that Wilson was to take care of financial arrangements for the Beechcraft Baron aircraft and the gas was often paid for by the service account that had been set up for this aircraft. He denied that Wilson obtained this plane at Secord's request.

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He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

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SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1978, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $178,575, paid in three installments (August 8, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine) uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft (N7884Y) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

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"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, 1979, for a total of 59 flying hours.

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Chapter 21-17 Footnote

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girlfriend, Shirley Brill. Clines introducted Von Marbod to Quintero and said Von Marbod was a "friend". Initially, Quintero was at the swimming pool at Clines' residence when Von Marbod was there. Von Marbod was at the residence about one hour.

In about the Fall of 1980, he again met Von Marbod at a lounge at the Springfield Hilton Hotel in Springfield, Virginia. Quintero was there with Clines and possibly Shirley Brill at that time. During this contact, Von Marbod asked Quintero about the Cubans who were coming to the Miami, Florida, area that Fidel Castro had put out of Cuba. Also mentioned was United States action in putting these persons in "concentration" camps. This meeting with Von Marbod was at around 6:00 p.m., and lasted about thirty minutes, during which Von Marbod had two or three beers.

Quintero said the only information he has about Von Marbod's past position with the government was what he had read about in newspaper articles.

On another occasion, Quintero was at a party at Clines' condominium at the Rotonda in Mc Lean, Virginia. While there, he heard that Von Marbod was at the party also.

Quintero recalled that Clines referred to Von Marbod as "Redhair" or "Redhead".

Quintero said that Von Marbod was a friend of General Secord's and as Secord was a friend of Clines', that is how Clines knew Von Marbod.

Quintero said he never heard of any payments or gratuities being made by Clines to Von Marbod.

Major General Richard Secord:

Quintero said he first met General Secord after seeing Tom Clines arrive back from Southeast Asia in 1973. On that occasion he met Secord at a bar in Northern Virginia with Tom Clines, and possibly other Southeast Asian military friends of Secord's. Clines introduced General Secord to Quintero and said that Secord had [redacted]

pages 340, 341, 342 Fdl Declassified/Released on under provisions of E.O. 12356 by J. Roger, National Security Council

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He recalled that initially, General Secord was cold and distant towards him and would not let him come to his house. In this regard, he remembered that on one occasion Quintero and Clines and Clines' girlfriend, Shirley Brill, were travelling together and Clines called Secord and said they were coming over to Secord's house. Clines said that Secord said, "Dump them", referring to Brill and Quintero, prior to coming to the house.

Quintero indicated that his relationship with Secord is now much closer, and during the past year he has met Secord on seven to nine occasions, and during the last two months on possibly four occasions. In this regard, he has been to Secord's residence on three to four occasions within the past year.

On the day that Ed Wilson was arrested in New York, in June, 1982, Quintero said that he and Clines went to Secord's residence to watch the 7:00 p.m., news coverage of the arrest. Secord and Clines expressed the opinions that they thought Wilson had made a deal in connection with his arrest. Secord's wife was present on that occasion also.

Quintero said on every occasion that he has met Secord, Quintero has also been with Clines, except on one occasion. This was when General Secord was in a suspended status from his job at the Pentagon in the Spring of 1982. Quintero met Secord at Mr. Smith's Restaurant and Lounge on Route 7 in Northern Virginia, while waiting for Clines to arrive. Clines never arrived on that occasion and Quintero and Secord went back to the Global American Resources Office in Mc Lean, Virginia, with which Clines has been associated in the recent past. Quintero recalled that during his meeting with Secord, mentioned above, Secord mentioned the pressure that AUSA Barcella and AUSA Greenberg were putting on Secord and Clines. Also mentioned was a letter that had been sent by one of these AUSAs to the Pentagon regarding General Secord.

On possibly a Saturday, sometime after July 4, 1982, but in July, Clines, Secord and Quintero met at a racket ball establishment near Global American Resources in Mc Lean, Virginia. They did not play racket ball on that occasion but instead talked about the government investigation underway. Secord indicated that he personally had nothing to worry about and Clines commented that Secord had nothing to hide.

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In about late July, 1982, Secord went on a trip abroad for about ten days, which included travel to Egypt. On his return, Clines, Quintero and Secord met at the same racket club, and although both Clines and Secord had rackets, they did not play racket ball. Instead, they went to Mr. Smith's Restaurant and Lounge. The conversation included talk about how busy Secord was in connection with meetings being held regarding the Lebanon crisis.

Quintero said that everytime he comes up to the Northern Virginia area, he and Clines and Secord go out and have drinks. He said Ted Shackley has attended these sessions on occasion also.

He recalled that in about the Fall of 1981, at Charlie's Bar in Mc Lean, Virginia, he was present with Secord, Clines and Shackley. On that occasion, Secord, Shackley and Clines sat by themselves and Quintero sat by himself at the bar some distance away.

Quintero mentioned that Tom Clines does not like to be alone and whenever he is with Clines, Clines asks Quintero to drive his car for him.

Quintero said that General Secord has been in uniform on occasion and not in uniform on other occasions that he has seen him.

Brussels, Belgium Meeting:

Quintero recalled that this meeting occurred before Ed Wilson was indicted in the United States. Quintero said he thinks that he came into Brussels with Clines from Geneva, Switzerland, and General Secord was already there when they arrived. Ed Wilson was in Brussels and stayed at a different hotel than he and Clines did.

The night before they were supposed to meet Wilson, they stayed in their hotel drinking. They then went to Wilson's hotel and had drinks, but Wilson did not come down to join them.

The next day, Quintero, Clines and Secord went to Wilson's hotel together and on that occasion, Quintero talked to Ed Wilson and his girlfriend, Bobbi Barnes. Quintero asked Wilson for a $100,000 loan for some construction he wanted to

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SECORD INTERVIEWS

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During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

Page 8-13 Part ___ Declassified/Released on 10/6/87 under provisions of E.O. 12356 by D. Reger, National Security

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AX 206A-182

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He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

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SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1978, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $178,575, paid in three installments (August 8, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine) uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft (N7284Y) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

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"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, 1979, for a total of 59 flying hours.

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Chapter
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Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

MAJOR GENERAL RICHARD V. SECORD

N 16288

retires 1 May 83



Major General Richard V. Secord is deputy assistant secretary of Defense for international security affairs (Near East, Africa and South Asia affairs), Washington, D.C.

General Secord was born July 6, 1932, in La Rue, Ohio, and graduated from high school in Columbus, Ohio, in 1950. He entered the U.S. Military Academy, West Point, N.Y., in 1951, and graduated in 1955 with a bachelor of science degree and a commission in the U.S. Air Force. He received a master of science degree in international affairs from The George Washington University, Washington, D.C., in 1972. He is also a graduate of the Air Command and Staff College at Maxwell Air Force Base, Ala., and the Naval War College, Newport, R.I.

He entered pilot training at Marianna, Fla., after graduation from the academy, and received his pilot wings in August 1956 at Greenville Air Force Base, Miss. He then served as an instructor pilot in single-engine jet basic pilot training from 1956 until 1959 at Laredo Air Force Base, Texas. From 1959 until 1961, General Secord was assigned as a flight instructor and operations officer at Tinker Air Force Base, Okla., flying jet trainers and transports including T-33s, U-3s, C-54s and C-97s.

In August 1961 he was selected to serve with a special volunteer tactical organization which was formed at Hurlburt Field, Fla. He remained with this unit, later designated as the 1st Air Commando Wing, until 1965. During this four-year assignment General Secord had numerous extended temporary duty tours in overseas areas. In March 1962 he was assigned as an adviser to the Republic of Vietnam, flying Vietnamese air force AT-28s, during which time he logged more than 200 combat missions. Beginning in January 1963 he served for six months in Iran working with the Iranian air force as an adviser on air-ground operations. General Secord again was assigned on temporary duty tours in Iran from January to May 1964 and from January until March 1965, working on joint operations.

The general then served as chief of the Tactical Operations Division, 1st Air Commando Wing, until July 1965 when he entered the Air Command and Staff College. After graduation in 1966, he returned to the Republic of Vietnam as an air operations officer in Saigon. Transferring to Udorn Royal Thai Air Force Base, Thailand, in August 1966, he served as an air adviser until August 1968. He flew 285 combat missions while serving in Southeast Asia.

From September 1968 to November 1969, General Secord was assigned to Eglin Air Force Base, Fla., as assistant deputy chief of staff for operations, U.S. Air Force Special Operations Force, Tactical Air Command. He then took command of the 603rd Special Operations Squadron

(Current as of February 1982)

OVER

N 16289

at Hurlburt Field, flying A-37B's. He served as squadron commander until 1971 when he entered the Naval War College.

After graduation from the Naval War College in June 1972, General Secord was assigned as a staff assistant in the Office of the Secretary of Defense, Washington, D.C. His duties included serving as desk officer for Laos, Thailand and Vietnam under the assistant secretary of Defense for international security affairs. In July 1973 he assumed the position of executive assistant to the director, Defense Security Assistance Agency, under the secretary of Defense.

In March 1975 General Secord was named deputy commander for operations, 29th Flying Training Wing, Craig Air Force Base, Ala. In this position he was responsible for pilot training in T-37s and T-38s in three squadrons.

General Secord was appointed chief, Air Force Section, Military Assistance Advisory Group, Iran, in September 1975. While there he acted as chief adviser to the commander in chief of the Iranian air force, and managed all U.S. Air Force programs in Iran as well as some Army and Navy security assistance programs.

Following his return to the United States in July 1978, he was appointed director of military assistance and sales, Office of the Deputy Chief of Staff, Logistics and Engineering, Headquarters U.S. Air Force, Washington, D.C. In January 1979 General Secord was named director of international programs, Office of the Deputy Chief of Staff for Programs and Evaluation. He assumed his current duties in April 1981.

General Secord is a command pilot with more than 4,500 flying hours. His military decorations and awards include the Distinguished Service Medal, Legion of Merit, Distinguished Flying Cross, Meritorious Service Medal, Air Medal with two oak leaf clusters, Air Force Commendation Medal, Republic of Thailand Most Exalted Order of the White Elephant and Republic of Korea Order of National Security Merit Cheonsu Medal.

He was promoted to major general May 1, 1980, with date of rank July 1, 1976.

General Secord is married to the former Jo Ann Gibson of Oklahoma City. They have three children: Julie, John and Laura. His hometown is Fort Walton Beach, Fla.

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Footnote 23 21-23

ACTION

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PAGE 01

TOR: 18 AUG 76

S E C R E T 18 AUG 76 STAFF

CITE

TO: IMMEDIATE DIRECTOR INFO

REF: DIRECTOR 900015

1.

ALBERT HAKIM -

2. STANFORD TECHNOLOGY CORP (STC) HAD CONTRACT WITH IIAF FOR COMMUNICATIONS SURVEILLANCE SYSTEM WHICH WAS DETERMINED BY SUPREME COMMANDER'S STAFF (SCS) TO BE DISADVANTAGEOUS TO IRANIAN SIDE. CONCLUSIONS OF SCS SPECIAL GROUP JAN 76 WERE THAT STC HAD TAKEN ADVANTAGE OF IIAF AND HAD SUCCEEDED IN UNLOADING QUANTITY OF UNNEEDED OVERSOPHISTICATED EQUIPMENT AT EXORBITANT PRICES. CONTRACT WAS TERMINATED BY SCS CHAIRMAN AT RECOMMENDATION OF SPECIAL GROUP AND EQUIPMENT THAT HAD ALREADY BEEN RECEIVED WAS DISTRIBUTED AMONG IIAF ELEMENTS. CONTRACT HAD BEEN SIGNED BY WITHOUT CLEARANCE OF HIS SUPERIORS AND

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PAGE 02 OF 02 IN 012697

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[redacted] HAS COME UNDER CRITICISM AS RESULT.

3. [redacted]

4. IN VEIW UNSAVORY REPUT[redacted] OF STC HERE AND [redacted] STRIKE ACTION REF

[redacted] P[redacted] NOT [redacted] APPREICATE HEADQUARTER

HAVING IDENTIFIED THIS OPPORTUNITY. IMPDET

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OUTGOING MESSAGE

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[redacted]

900016

[redacted] DIRECTOR

[redacted]

TO: IMM [redacted]

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REF: DIRECTOR 900015 Y

IDEN TO DIR-900015, 17 AUG 76

1. IDEN: MR. ALBERT HAKIM, BORN TEHRAN IN 1936, OF JEWISH PARENTAGE. GRADUATED 1958 WITH BSEE DEGREE FROM CALIFORNIA POLYTECH. MARRIED, TWO CHILDREN, RESIDES [redacted]GEX, FRANCE, BUT ALSO MAINTAINS RESIDENCE IN TEHRAN. HE IS A [redacted] OWNER OF AND EUROPEAN REPRESENTATIVE OF THE STANFORD TECHNOLOG[redacted]RPORATION OF MOUNTAIN VIEW, CALIFORNIA. HAKIM IS ALSO PR[redacted]NT OF MULTICORP INTERNATIONAL, LTD., 130 SORAYA AVENUE, TEHRA[redacted] OF IRANIAN INTERNATIONAL INVESTMENT COMPANY OF TEHRAN AND APPEARS HEAVILY ENGAGED IN THE EXPORT OF AMERICAN OPEN MARKET TECHNOLOGY TO IRAN AND OTHER PARTS OF THE MIDDLE EAST. HE PURPORTS TO BE CURRENTLY IN PROCESS OF SELLING STANFORD TECHNOLOGY CORPORATION INTEGRATED SECURITY SYSTEM TO IRANIANS WHICH DEALS WITH COMMUNICATIONS SURVE[redacted]ILE DIRECTION FINDING AND TELEPHONE MONITORING, AS WE[redacted] BIDDI[redacted] CONTRACT TO SELL SAVAK EXTENSIVE TELEPHONE MONITORING SYSTE[redacted] IN [redacted] MILLION DOLLAR PRICE RANGE. Y

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DIPLOMATIC MESSAGE

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900016

HAKIM'S IRANIAN CONTACTS ARE: [redacted]

3. ONLY POSSIBLE IDENTIFIABLE DERROGATORY TRACE IS 15 OCT 54 INFO THAT ONE ALBERT HAKIM, A [redacted] LOYEE OF [redacted] AS ARRESTED ON 5 OCT 54 BUT RELEASED THE FOLLOWING DAY FOR [redacted] OF ADMISSABLE EVIDENCE. HIS ARREST WAS DUE TO THE FACT THAT HIS [redacted] WAS DISCOVERED IN PAPERS BELONGING TO [redacted] IN ADDITION, HAKIM APPEARS TO HAVE BEEN INFLUENTIAL IN FURTHERING [redacted] ISRAELI MILITARY EQUIPMENT EXPORTS TO IRAN WHILE AN EMPLOYEE OF [redacted] OWNER OF A COMPANY WHICH REPORTEDLY ACTS AS A CONDUIT IN THIS REGARD.

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OUTGOING MESSAGE

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OMF [redacted] 0 0 0 C 7151 2

S E [redacted]

STAFF [redacted] 17 [redacted] DIRECTOR 900035

CONF [redacted] FILE DISSEM BY: [redacted]

PER

TO: IMME [redacted]

ALBERT HAKIM

1. IDEN[redacted] CONTACT OF ADDO SHACKLEY, IS NOW IN TEHRAN SEEKING INFORMATION RELEVANT TO POSSIBLE BIDDING ON IRANIAN MILITARY BASE PERIMETER SECURITY SENSOR SYSTEMS WHICH HE UNDERSTANDS TO BE SUBJECT OF ONGOING DISCU[redacted]NS BETWEEN U.S. AND IRANIAN DEFENSE AUTHORITIES. HE APPEARS TO H[redacted]AD DIFFICULTY IN LEARNING FROM HIS IRANIAN CONTACTS EXACTLY WHAT[redacted]EM PHILOSOPHIES ARE INVOLVED AND WHAT, IF ANY, U.S. SPECIFICAT[redacted]MAY HAVE BEEN AGREED UPON. HE WOULD BENEFIT FROM [redacted] INTRODU[redacted]N TO DEF REP VON MARBOD AND/OR BGEN SEACORD TO PURSUE THIS FURTHER.

[redacted]

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COMP:

DIRECTOR
900015

DISSEM BY:

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3. PLEASE ADVISE YOUR IMMEDIATE VIEWS [redacted] WE-UNDERSTAND IDEN MAY BE [redacted] ON THIS VISIT ONLY UNTIL 20 AUGUST. E-2, IMPDET.H

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DD/O 76-5746

16 August 1976

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MEMORANDUM FOR THE RECORD

SUBJECT: Mr. Albert Hakim,
Iranian National and Import/Exporter

REF: DDO [redacted] dated 5 August 1976

1. On 15 August 1976 Mr. Shackley was advised by his American contacts in the import/export f[redacted]at Mr. Albert Hakim, Iranian national and import/exporter, was pas[redacted]rough Washington enroute to Tehr[redacted] Mr. Shackley's contacts also i[redacted]ed that Mr. Hakim would probably departing Washington for Tehr[redacted]16 August. As a result of this inf[redacted] mation, on 16 August 1976 Mr.[redacted]ley reviewed the Referenced mem[redacted] randum with [redacted] in order to determine th[redacted]

[redacted]

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C 7154

[redacted] a straightforward presentation on what they envisioned [redacted] ns would be for the perimeter security system which the [redacted] install at their bases. In short, Mr. Hakim would be [redacted] ear perception of what kind of a system was being thought [redacted] with this data he would then have to bid on obtaining contracts [redacted] e system which the Iranians wanted. Mr. Hakim's bid would have to go through the normal competitive bid channels which the United States or the Iranian Government might use in setting up a program for such a system. In other words, if the Iranians purchased a perimeter defense security system through the use of FMS credits, Mr. Hakim would have to submit his bids in accordance with standard FMS guidelines. If, on the other hand, the Iranians decided to buy a security system on the open market, Mr. Hakim would have to bid on this Iranian contract under the provisions of whatever were the normal Iranian contract-letting procedures. In short, Mr. Clines' introduction of Mr. Hakim to Mr. Von Marbod and General Seacord would give Mr. Hakim no commercial advantage per se. Given the Middle East style of business, however, the fact that Mr. Clines had made an introduction between Mr. Hakim and individuals like Mr. Von Marbod, should result in Mr. Hakim being willing to respond to a request for assistance from Clines. The assistance that Mr. Clines would seek would be to establish Mr. Hakim now had or could develop a

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2. On 16 August Mr. Shackley contacted an American businessman who had been in touch with Mr. Hakim during the latter's brief transit of Washington enroute to Tehran. This conversation revealed that it had recently become apparent to the American businessman that Mr. Hakim is of Jewish background. In addition, the American businessman has recently established that Mr. Hakim is a 51% stockholder in the Stanford Technical Corporation of Mountainview, California.

[redacted]

Theodore G. Shackley
Associate Deputy Director for Operations

Distribution:
1 - DDO
1 - [redacted]
1 - [redacted]
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Footnote 23

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5 August 1976

[redacted]

MEMORANDUM FOR THE RECORD

SUBJECT: Mr. Albert Hakim, Iranian National and Import/Exporter Dealing Primarily in Security Systems and Technology of Interest to Military Establishments and Intelligence Services

1. Background: In the period May to August 1976, [redacted] had collected numerous references to Mr. Albert Hakim, born 1936 in Tehran, Iran, which indicated that this gentleman was an influential factor in the export of American open market technology to countries like Iran and Egypt. [redacted] The synthesis of the data which was obtained in the May to August 1976 time frame can be outlined as follows:

[redacted]

a. Educational Background: Mr. Hakim is a 1958 graduate with a BSEE degree from California Polytech. Mr. Hakim considers himself a specialist in electronics, particularly insofar as this area of technology relates to the problems of military establishments and intelligence services.

b. Marital Status: Mr. Hakim is married and has two children. The children attend school in Switzerland.

c. Residence: Mr. Hakim resides officially in Gex, France, but he also maintains a residence in Tehran, Iran. In addition, he is a frequent visitor to the home offices of Stanford Technology Corporation, 510 Logue Avenue, Mountain View, California 94040. In addition Mr. Hakim spends a lot of time in Geneva, Switzerland.

d. Commercial Structure: Mr. Hakim is involved in a number of commercial enterprises. In discussions which deal with potential exports from the U.S. to Iran, he represents himself as the President of Multicorp International, Ltd., 130 Soraya Avenue, Tehran, Iran. In

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2.

other conversations he indicates that he is the European representative for the Stanford Technology Corporation with a mailing address of P.O. Box 52, 1211 Geneva, 24 Switzerland.

e. Type of Business: Mr. Hakim has let it be known that he is currently in the process of selling the RDJ-97000 Security System of the Stanford Technology Corporation to Iran. This is an integrated security system which deals with communications surveillance, mobile direction finding and telephone monitoring.

[redacted]

f.

g.

2. Assessment:

Mr. Hakim is quite anxious to play a pivotal role in the Iranian purchase of American technology. As a result, Mr. Hakim is casting about for contacts in the U.S. Government with whom he can find a mutuality of interest concerning Iranian attempts to procure hardware in the U.S.

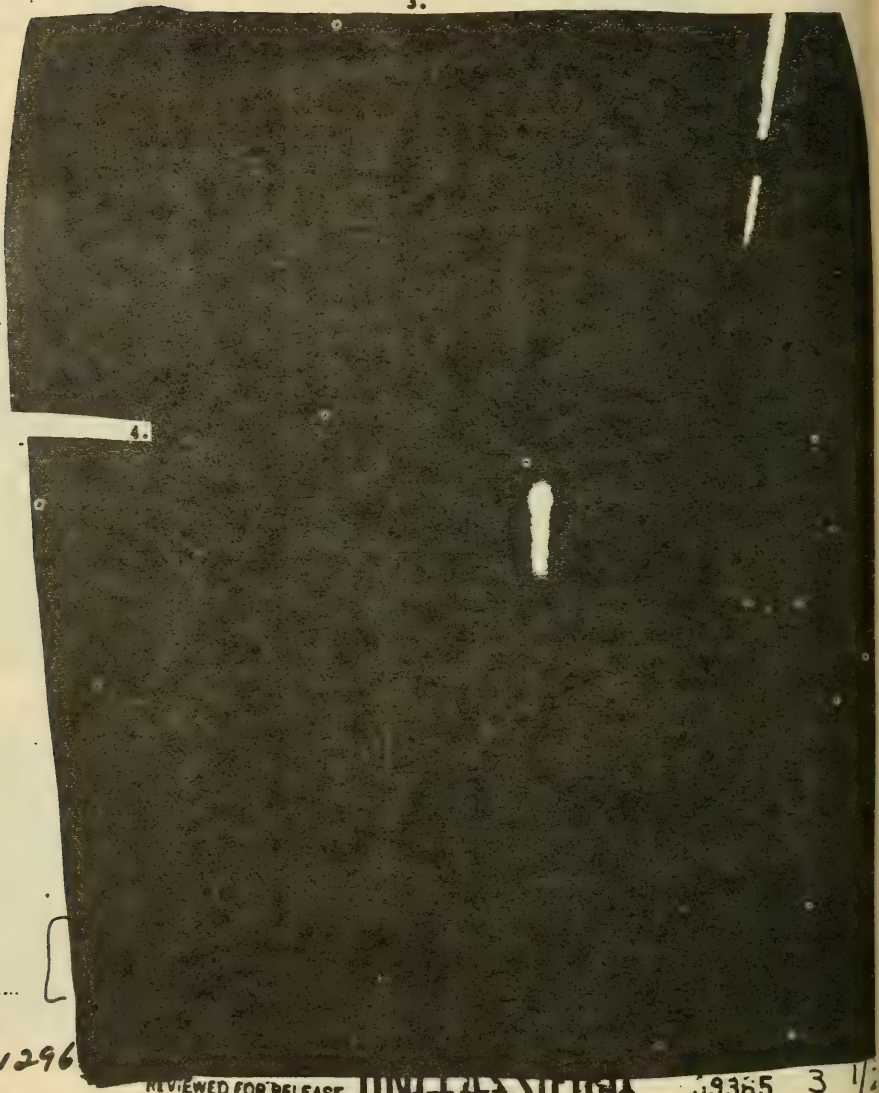
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[redacted]

Theodore G. Shackley
Associate Deputy Director for Operations

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SECORD INTERVIEWS

During initial interview on December 17, 1981, General Secord was advised that on a recent CBS Television interview with Douglas Schlachter, allegations were made that Secord and Edwin Wilson worked together to sell military equipment in Iran and attempted to obtain Russian weapons from Libya. General Secord said these allegations were absolutely false as his relationship with Wilson was strictly social. He said he has never entered into any type of business arrangement with Wilson, his companies, or associates. He said further that he never participated with Wilson in any type of intelligence operations nor has he at any time received any money or gratuities from Wilson or his associates. He said he met Wilson about ten years ago at a party, being introduced by Tom Clines. He had known Clines since both served together in Southeast Asia, with both later attending the Naval War College at Rhode Island together in 1971. Secord recalled that from 1972 to 1974, he saw Wilson on a social basis about ten times, having lunch together. He could not remember ever visiting Wilson's farm although invited many times by Wilson. In the summer and fall of 1976, he and Wilson had dinner together in Iran, with Wilson's wife present on one occasion. Wilson told Secord he was working with the Iranian Secret Police and U. S. Naval Intelligence. After returning to the U. S. in June, 1978, he saw Wilson on a social basis. Secord said he has had no contact with Wilson for the past two and a half years and last saw him in Brussels, Belgium, in February or March, 1979, while attending an official Government function. At this meeting, Wilson asked Secord if he was interested in MIG-25 aircraft. He also recalled that in late 1978, he attended a NATO conference in London, England, and met with Wilson while there. Wilson said he was working in Libya.

During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

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on that occasion. Secord said he and his staff had considerable influence over major decisions relating to contracting in Iran. He admitted ordering about a dozen small pocket computers that Wilson was displaying in Iran in late 1976 or early 1977, sending Wilson a check for $200 after receiving the items by mail. Secord recalled meeting Doug Schlachter in about 1978 and seeing him many times, always with Clines and usually at a bar or lounge in Northern Virginia. Secord said he bought a townhouse at Burke, Virginia, from Tom Clines as an investment in 1977, subsequently selling the house to Ed Wilson at the same price he purchased it for. Proceeds of $20,000 he got from sale of this house he invested in a house at Fort Walton Beach, Florida. He got the $20,000 in cash from Wilson at a meeting at a Northern Virginia lounge in about September, 1978. No receipt was given for this cash and he thought this cash transaction was unusual. He said others were present when this cash was personally given to him by Wilson. Secord acknowledged using a Beechcraft Baron aircraft that Wilson purchased in about September, 1978. He said he flew Wilson over his property once or twice and met Wilson's girlfriend, Bobbi Barnes, in this regard. The longest trip he made in Wilson's plane was to Miami, Florida, with Tom Clines, and he made other trips around the Washington, D. C. area and a trip to Fort Walton Beach, Florida, in it. He said he paid for the gas expended and utilized the aircraft as Wilson asked him to look after the aircraft periodically and Secord agreed to fly it occasionally. He said Jim Rhyne, an associate of Secord's who worked with Secord in the past, also flew the aircraft at Secord's request. The aircraft was ferried to Europe in 1979. Secord denied that his use of Wilson's aircraft was for any past or future favors.

In late 1978 to early 1979, he met with Wilson in London on a strictly social occasion. Secord was there with Erich Von Marbod seeing a British Government official regarding the Iranian situation. He had drinks with and chatted with Wilson on that occasion. He met Wilson next in Brussels about a year later at Wilson's request delivered by Clines. He had a few drinks with Wilson and the meeting lasted about two hours, with only he and Wilson present. Wilson appeared nervous and discussed Wilson's possibly procuring Soviet aircraft. Secord said he made no promises to Wilson and did nothing further regarding the matter.

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Secord said he and Clines, working under Ted Shackley, [redacted] Clines and Secord [redacted] He said at present Clines is one of his few close personal friends. He has had no direct or indirect share in Clines' companies. He said Clines told him that Wilson was responsible for getting a loan (of about $300,000) for Clines which started or assisted Clines in financing his companies. Secord denied having any interest in EATSCO. He said he traveled to Egypt with Von Marbod in May, 1979, during which Secord was to negotiate an F-4 aircraft deal with the Egyptians. He never heard of Hussein Salem until the summer of 1979. He denied having anything to do with contracting relating to the freight forwarder as pertains to the U. S.-Egyptian foreign military sales credit deal and EATSCO. He said he had no advance information regarding the U. S.-Egyptian foreign military sales loan agreement. Clines told him in 1979 that he was trying to get "part of the action" as related to the contract that Hussein Salem had apparently acquired with Egypt and mentioned he was associated with a freight forwarding company, the Hobelmann Company. Secord advised he first met Von Marbod in 1972 at the Pentagon, working closely with him during 1972-1974. He said they are close professional associates and also served together in Iran in the mid-1970's. He also worked with Von Marbod on [redacted] in the early 1970's. From summer of 1978 - spring 1981, he had almost daily professional meetings with Von Marbod at the Pentagon, including work on highly classified projects regarding Egypt. He recalled that he, Clines, Von Marbod, and several others were together at various Northern Virginia places on a social basis prior to the Camp David Accords situation for casual discussions regarding current events and other matters. Secord admitted visiting Clines' Middleburg, Virginia, residence about ten times and being at the Rotonda condominium owned by Clines on Shirley Brill on one evening. He recalled being at Clines' former Vienna, Virginia, townhouse on a few occasions, also.

During interview on May 20, 1982, Secord provided additional information regarding various areas previously discussed. He admitted that Wilson was to take care of financial arrangements for the Beechcraft Baron aircraft and the gas was often paid for by the service account that had been set up for this aircraft. He denied that Wilson obtained this plane at Secord's request.

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He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

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SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1979, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $178,575, paid in three installments (August 8, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft (N7284Y) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

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"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, 1979, for a total of 59 flying hours.

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Chapter 21-25
Footnote

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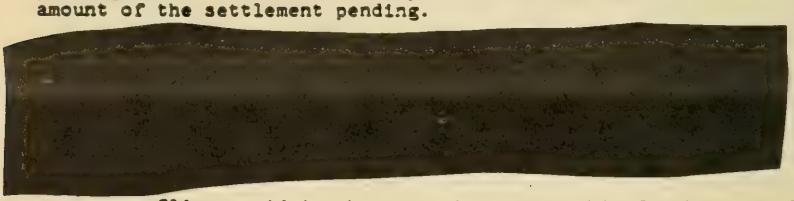
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CLINES INTERVIEW

During interview on March 23, 1982, Thomas G. Clines advised as follows:

He said in approximately August, 1981, the "New York Times" newspaper started a series of articles about Ed Wilson which linked Clines to Wilson. As a result, Hussein Salem told Clines that Egyptian Government officials were very upset that Clines was associated with EATSCO, due to his reported Wilson connections in the past, as this could possibly have some ramifications of an adverse nature for the Egyptian Government. As a result, in September, 1981, Salem approached Clines and wanted him to sign a document which was written in legal terms by Salem which in effect put Clines on a four-month leave of absence commencing on approximately September 15, 1981. After the four-month leave of absence was over, Salem told Clines that the Government of Egypt had had it with Clines due to further innuendoes about Clines' association with Wilson, and it would be necessary for Clines to terminate any ownership he had with EATSCO. Clines acknowledged that at that time his interest in EATSCO was a 49% ownership. As a result, he said in approximately mid-January, 1982, he severed his relationship with EATSCO. He said Salem agreed to buy out Clines' interest in EATSCO and the finalization of this purchase was still in a pending state. He declined to provide information as to the amount of the settlement pending.



Clines said in the past three years his foreign travel has mostly been to Europe, Mexico, and Egypt. His travel to Europe and Mexico was in connection with API Distributors, Inc., and his travel to Egypt was in connection with EATSCO business.

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Pages 28-32
[illegible] Released on 4/20/88
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by D. Reger, National Security Council

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Clines said he heard Hussein Salem's name "around town" in about the spring of 1979, and he also heard that Salem was living in the Ramada Inn at Tyson's Corner, Virginia. Clines said that Ramada Inn had been a CIA "watering spot" in the past. He said he heard that Salem had an office next to the Ramada Inn, at 7777 Leesburg Pike, Falls Church, Virginia. Clines was associated with Systems Services International, Inc. (SSI), at that time, and he went in and saw Salem at his office and provided him with one of his brochures. He told Salem that he had heard that Salem was holding a contract with Egypt for the shipment to Egypt of a very large amount of U. S.-purchased military equipment and he wanted to assist Salem in connection with this contract. Clines told Salem that he had worked with Rolf Graage with the R. G. Hobelmann freight forwarding company in Baltimore in the past and had a good contact in this regard. Salem liked his SSI brochure and indicated he wanted the independence of working with a person like Clines rather than working with a large established freight forwarder. Clines noted that the brochure he provided Salem said that Clines had good contacts in the Government including at the CIA and at The Pentagon as well as elsewhere. Salem realized that he (Clines) had contact with the R. G. Hobelmann network and that they could handle the job. Salem also realized that he would be in tight control of the freight forwarder by having Clines as a 49% co-partner in what eventually became EATSCO. Subsequently, he put up approximately $49,000 and Salem put up approximately $51,000 to establish EATSCO. There was about a month of negotiation between his attorney, Barbara Rossotti of Washington, D. C., and Salem's attorney, a first name unknown Zuckerman, from New York City, New York. From talking with Salem, he learned that Salem was a businessman who had worked in Europe, primarily in Switzerland, in the past. Salem implied that he had been in the United States for several months when Clines initially met him in about the spring of 1979.

Clines said EATSCO was incorporated in Delaware in August, 1979, and is an American entity formed by two American corporations: Systems Services International, Inc., which was totally owned by Clines, and Tersam, USA, which is totally owned by Salem.

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He was concerned that in his dealings with Salem in forming EATSCO that there be no silent partner, or behind the scene owners, who he was not aware of or familiar with. He understands that Tersam was possibly originally a Panamanian company, and in his negotiation with Salem, he told Salem to set up Tersam, USA. When Tersam, USA, was set up, he said he would go into a partnership business with Salem but would not do so until this had occurred. He insisted on this in order to protect himself from Salem having any possible silent partners or backers who Clines was not aware of.

Clines told Rolf Graage, who is the owner of the R. G. Hobelmann Company, that if he became a co-partner with Salem, Clines would favor Graage as a freight forwarder in connection with the contract with Egypt for shipment of U. S.-purchased military equipment. After Salem saw Hobelmann's facilities, he agreed to go along with favoring Hobelmann rather than with any bigger firm as Salem feared a larger firm might try to take over his (Salem's) business.

Clines said that the contacts with the high officials of the Egyptian Government were Salem's, and it was Clines' impression that Salem had contacts of the highest level with that Government. Clines said he met General Abou Ghazala, the Egyptian Military Attache in Washington, D. C., through Salem and knows General Ghazala well. Clines said that as an owner of EATSCO, he signed the EATSCO service contract with the Egyptian Government, and he noted General Ghazala signed it for the Egyptian Government. (General Ghazala is now Defense Minister.) He also knows Egyptian General Mounir Sabet from Sabet's association with the Egyptian Military Attache's Office in Washington and resultant contacts with EATSCO. He was also familiar with (Kamal) Hassan Ali who also had contact with EATSCO in the past. (Ali is now the Egyptian Foreign Minister.) He said Salem handled all the major contacts in connection with EATSCO and its business.

He recalls that he met Erich Von Marbod at The Pentagon with Salem on one or two occasions. The contacts with Von Marbod were in his position with DSAA as pertained to the EATSCO contract, and the meetings were official meetings.

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Clines said that General Richard Secord is a "super personal close friend of mine." He has known Secord since 1967 [redacted] and he has maintained contact with Secord over the years. He has had no financial association with Secord in the past or presently except he believes he sold a townhouse in the Burke, Virginia, area to Secord in the past. He possibly made $2,000 on this sale and thinks Secord was assigned in Iran at that time.

Clines said he possibly first met Erich Von Marbod in Southeast Asia in the late 1960's when Von Marbod was possibly the Comptroller with the U. S. Department of Defense. He recalled that Von Marbod was closely associated with the Vietnam-Laos situation from a logistics standpoint. Von Marbod is "a friend" of his but he has not talked to him in about one to one and a half years. He has been out with Von Marbod socially on occasion but does not consider him a close social friend. He has not been to Von Marbod's home, but said Von Marbod may have "dropped by" Clines' place on one occasion.

Clines believes he initially met Ed Wilson in about 1964 when Clines [redacted] He said Wilson did not work with him in [redacted] He has not seen Wilson for a couple of years, and believes he last saw Wilson prior to his being indicted. He last talked to Wilson about nine to ten months ago telephonically.

Clines said Wilson was instrumental in Clines' obtaining a loan which helped him get started in business after Clines' retirement from CIA. This occurred in 1978 and the loan has since been paid back to the people it was borrowed from that Wilson put Clines in touch with indirectly. The loan was primarily to set up International Research and Trade, Limited (IRT) which became an "umbrella" company for two other companies of Clines', SSI and API Distributors, Inc. He said the above three companies and EATSCO were the only four companies that he has set up. To his knowledge, Wilson did not even know the name of EATSCO as being a company of Clines.

Clines said he owns two condominium apartments in the Rotonda at McLean, Virginia, a house in Vienna, Virginia, where his wife resides, a house in Middleburg, Virginia, where he resides, and a house at Shawnee Land in the Shenandoah Valley

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near Winchester, Virginia, which he rents out to one party year-round. He said at one time he owned a townhouse on Glengyle Street near Vienna, Virginia, but sold this sometime ago.

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Chapter 21-27 Footnote

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION
Alexandria, Virginia
August 28, 1984

In Reply, Please Refer to File No.

FBI 2201

THOMAS GREGORY CLINES;
HUSSEIN K. E. I. SALEM;
ROLF GRAAGE;
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO);
R. G. HOBELMANN AND COMPANY, INCORPORATED
FRAUD AGAINST THE GOVERNMENT -
DEPARTMENT OF DEFENSE;
FOREIGN CORRUPT PRACTICES ACT

Reference is made to previous letterhead memoranda submitted in this matter, the most recent of which was dated February 1, 1984.

SYNOPSIS OF PROSECUTION, CIVIL SETTLEMENT ACTIONS, AND PAYMENT TO FEDERAL MARITIME COMMISSION:

During the period July 22, 1983, to January 16, 1984, three corporate and one personal Federal felony convictions were obtained on guilty pleas in United States District Court, in the Eastern District of Virginia, at Alexandria, in connection with the EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO) investigation. The corporate pleas were by EATSCO; SYSTEMS SERVICES INTERNATIONAL, INCORPORATED (SSI) (a 49 percent original stockholder in EATSCO); and by AIR FREIGHT INTERNATIONAL, INCORPORATED (AFI) (a fully-owned subsidiary of the R. G. HOBELMANN AND COMPANY, INCORPORATED, which was the designated freight forwarder for EATSCO). HUSSEIN K. E. I. SALEM, an Egyptian national who was the President and original 51 percent stockholder in EATSCO, entered the personal plea.

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F B 2202

RE: THOMAS GREGORY CLINES;
ET AL

In association with these pleas, an aggregate of $60,000 in fines, $4,044,000 in civil claims' settlements, and $76,000 in payment to the Federal Maritime Commission for possible violation of the Shipping Act of 1916, accrued to the United States Government. All of the pleas were in connection with Plea Agreements worked out by the various defendants with representatives of the U.S. Government. Each plea entered related to charges of filing false statements to the U.S. Department of Defense, Defense Security Assistance Agency (DSAA), regarding the cost of shipping military goods to Egypt under the Foreign Military Sales Program, during the period on or about November, 1979, through on or about December 31, 1981.

(The above-mentioned fines, civil claims' settlements, and payment to the Federal Maritime Commission total an amount of $4,180,000.)

DETAILS OF PROSECUTION, CIVIL SETTLEMENT ACTIONS, AND PAYMENT TO FEDERAL MARITIME COMMISSION:

On July 22, 1983, at U.S. District Court (USDC), Eastern District of Virginia (EDVA), Alexandria, Virginia, HUSSEIN K. E. I. SALEM, individually and as President of the EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO), pled guilty to a multiple-count Criminal Information. The Information charged in pertinent part that SALEM and EATSCO agreed to and did file false statements with the U.S. Department of Defense (DOD), Defense Security Assistance Agency (DSAA), regarding the cost of shipping military goods to Egypt.

From in or about November, 1979, through on or about December 31, 1981, there were 34 shipments on which false invoices were submitted. Those invoices showed inflated costs of approximately $8 million.

Pursuant to a Plea Bargain Agreement reached between the United States and the defendants and approved by the Court, the defendant, SALEM, was sentenced on both counts to pay a fine of $25,000; the defendant, EATSCO, was likewise sentenced to pay a fine of $20,000. Further, in settlement of all civil claims by the United States against the defendants, SALEM paid the United States $3,020,000. The fines and civil settlement were

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RE: THOMAS GREGORY CLINES; ET AL

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satisfied by presentation of certified checks to the Clerk of the USDC and to the U.S. Attorney's Office.

(The three-count Criminal Information charged SALEM and EATSCO in count number one with violation of Title 18, United States Code (USC), Section 371 (Conspiracy); SALEM was charged in count number two with violation of Title 18, USC, Section 1001 and 2 (Submitting Falsely Stated Vouchers); EATSCO was charged in count number three with violation of Title 18, USC, Section 1001 and 2 (Submitting Falsely Stated Vouchers).

On September 1, 1983, AIR FREIGHT INTERNATIONAL, INCORPORATED (AFI), pled guilty in USDC, EDVA, to a one-count Criminal Information charging AFI with filing false invoices with the DOD, DSAA, relating to the costs of shipping military goods to Egypt under the Foreign Military Sales Program (FMSP).

AFI was fined the maximum penalty of $10,000 pursuant to a Plea Agreement between the United States and AFI. The agreement provided in pertinent part that AFI would pay the United States $924,000 in settlement of all civil claims; and pay $76,000 to the Federal Maritime Commission for possible violations of the Shipping Act of 1916.

The Criminal Information charged that from in or about November, 1979, through on or about December 31, 1981, AFI filed false invoices which failed to disclose profits made by AFI for the costs of ocean freight, packing and consolidation relating to the shipment of military goods to Egypt, in violation of Title 18, USC, Section 1001.

(AFI is a wholly-owned subsidiary of the R. G. HOBELMANN AND COMPANY, INCORPORATED, which was the designated freight forwarder for EATSCO regarding Foreign Military Sales equipment shipments to Egypt.)

Checks satisfying the $10,000 fine, $924,000 civil claims' settlement, and $76,000 payment to the Federal Maritime Commission were produced in connection with this plea being accepted by the judge on September 1, 1983.

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RE: THOMAS GREGORY CLINES;
ET AL

On January 16, 1984, SYSTEMS SERVICES INTERNATIONAL, INCORPORATED (SSI), pled guilty in USDC, EDVA (Richmond, Virginia), to a one-count Criminal Information charging SSI with filing false invoices with the DOD, DSAA, relating to the costs of shipping military goods to Egypt under the FMSP.

SSI was fined the maximum penalty of $10,000 pursuant to a Plea Agreement between the United States and SSI. The agreement further provided that THOMAS CLINES, on behalf of SSI, would pay the United States $100,000 (within 30 days) in settlement of all civil claims.

The plea of guilty was entered by the President and sole stockholder of SSI, THOMAS G. CLINES. SSI, which is no longer in business, was a 49 percent stockholder of EATSCO in the past.

The Criminal Information charged that from in or about November, 1979, through on or about December 31, 1981, SSI filed false invoices with DSAA, which invoices they then and there well knew were false in that the invoices failed to disclose profits from the ocean freight, packing and consolidation costs of shipping military goods to Egypt, and thereby misrepresented the actual costsof the ocean freight, packing and consolidation (violation of Title 18, USC, Section 1001 and 2).

A certified check in payment for the $10,000 fine was paid to the U.S. Government at the time the plea was accepted by the judge on January 16, 1984.

One certified check and two treasurer's checks, having a combined total of $100,000, payable to "Treasurer, United States" were in the possession of the U.S. Government as of February 23, 1984, having been provided in connection with settlement of the civil claims against CLINES' company, SSI.

OPINION OF ASSISTANT UNITED STATES ATTORNEY:

On July 18, 1984, Assistant United States Attorney (AUSA) THEODORE S. GREENBERG, EDVA, Alexandria, Virginia, advised a Special Agent of the FEDERAL BUREAU OF INVESTIGATION (FBI), that based on the above prosecution, civil settlement

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RE: THOMAS GREGORY CLINES;
ET AL

actions and payment to the Federal Maritime Commission, the fraud investigation regarding EATSCO and key persons and/or corporate entities associated therewith, has been completed.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Alexandria, Virginia
January 7, 1986

FB 5038

MAJOR GENERAL RICHARD VERNON SECORD
UNITED STATES AIR FORCE (RETIRED);
THOMAS GREGORY CLINES
BRIBERY; CONFLICT OF INTEREST;
FOREIGN CORRUPT PRACTICES ACT

Reference in made to several investigative reports previously submitted relating to this matter, the last one having been dated March 14, 1984, and bearing the caption "THOMAS GREGORY CLINES; MAJOR GENERAL RICHARD VERNON SECORD, UNITED STATES AIR FORCE; ERICH FRITZ VONMARBOD; BRIBERY; CONFLICT OF INTEREST; FOREIGN CORRUPT PRACTICES ACT."

Captioned investigation has been inactive for an extended period of time pending resolution of a separate interrelated case entitled "THOMAS G. CLINES; ET AL; MISUSE OF CLASSIFIED DOCUMENTS INVOLVING NICARAGUA; ESPIONAGE-X; PERJURY, Office of Origin: Alexandria." This particular case has recently been resolved without any prosecution resulting. (If prosecution had resulted and been successful, this could have had a bearing on captioned case).

On December 16, 1985, Assistant United States Attorney (AUSA) THEODORE S. GREENBERG, Eastern District of Virginia, Alexandria, Virginia, (who has been the prosecutor assigned to this case for several years) rendered an opinion to a Special Agent of the FEDERAL BUREAU OF INVESTIGATION (FBI) that extensive investigation conducted by the FBI in this matter did not produce sufficient evidence to obtain

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RE: MAJOR GENERAL RICHARD VERNON SECORD

a conviction of the subjects. He said no further investigation is warranted and he considers this matter closed.

In view of AUSA GREENBERG's opinion, the FBI is conducting no further investigation regarding this matter.

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COMPAGNIE DE SERVICES FIDUCIAIRES S.A.
CHEF CHEMIN THEIRY 1 CASE POSTALE 80
1211 GENEVE 12 SUISSE
TELEPHONE
TELEGRAMME SERVICE GENEVE

Chapter 21, Footnote 29

Geneva, December 30, 1983.
WIZ/mp

CSF

Abdullah Said Bugshan & Bros.
P.O. Box 8399
Riyadh,
Saudi Arabia

21-29

Re: Security Project for Dhahran Airbase

STG 9141

Gentlemen:

We understand that you are acting as agent for Stanford Technology Trading Group International (hereinafter "STTGI") for their participation in the above described project and we are pleased to provide you with the following additional information to facilitate your efforts to secure this project for STTGI.

Our affiliation with STTGI, its associated and predecessor companies, dates back to 1971. In the intervening years, we have provided various financial services to the group, including acting as one of their bankers. With assets available to us of approximately one hundred million Swiss francs, we have provided financing for various of their projects in the Middle East, Africa and the Far East, which projects included systems in the areas of security, receiving stations and satellite imaging processing and which projects generally amounted to several millions of dollars. All of the projects of which we have knowledge were successfully completed by the group.

Should you require additional information about our company, you may obtain it either by directing your inquiries to us, to STTGI, or to any of the banks with which we work, the names and addresses of which are enclosed on the attached sheet.

1/20/88

Yours very truly,

COMPAGNIE DE SERVICES FIDUCIAIRES S.A.

Willard I. Zucker

Encl. ment.

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CHAPTER 22. THE ENTERPRISE

Chapter 22
Footnote 1

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22-1

SKA SCHWEIZERISCHE KREDITANSTALT
CS CREDIT SUISSE CREDITO SVIZZERO

1211 GENEVE 3

Datum: 1e 14 octobre 1985

MERRILL LYNCH
13, route de Florissant

1211 GENEVE 12

Sie erhalten anbei die gewünschte Auskunft. Gleichzeitig gestatten wir uns, Sie noch auf die üblichen Vorbehalte aufmerksam zu machen.

Nous avons l'honneur de vous remettre, en annexe, les renseignements désirés. En même temps nous nous permettons d'attirer votre attention sur les réserves d'usage.

Vi compleghiamo, in via assolutamente confidenziale e senza alcuna responsabilità né garanzia da parte nostra, le informazioni richiestaci, pregandovi di farne uso discreto e riservato.

Please find enclosed the requested report. The information is supplied under usual reserve and without responsibility on our part.

Hochachtungsvoll Avec distinction
Distinti saluti Yours very truly

AGE/JS/vw/620

Contr.

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

1/24/88

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[illegible] ausdrücklich sind und sich somit als nicht unsere eigene [illegible] ausgeben noch Gewährsbürgen. Wir ersetzen [illegible] unverbindlich und unter Ausschluss jeglicher [illegible] Sie ist nur für Sie bestimmt. Für alle Folgen die aus einer weiter [illegible] Quelle entstehen können, müssten wir Sie höflich machen Wir [illegible] uns keinerlei Verpflichtung, auf diese Auskunft zurückzukommen, falls uns nachträglich Veränderungen in den Verhältnissen der hier [illegible] Firma oder Personen bekannt werden sollten, sondern behalten [illegible] darüber nur aufgrund neuer Anfrage.

Dans la mesure où ce ne sont pas l'expression de notre appréciation personnelle, les renseignements suivants reposent sur des indications fournies par des personnes réputées dignes de foi. Nous vous les donnons à titre strictement confidentiel et sans engagement ni responsabilité de notre part. Ils sont destinés à votre usage personnel et vous êtes responsable des conséquences pouvant résulter de leur communication à des tiers. Nous ne pourrons nous engager à revenir sur ces renseignements, si nous apprenions, plus tard, que la situation de la maison ou des personnes indiquées a changé. De nouveaux renseignements ne seront donnés que sur demande.

Le seguenti informazioni, per quanto non siano l'espressione del nostro proprio giudizio, si basano su indicazioni ritenute a lungo andare degne di fede. Vi le trasmettiamo a titolo strettamente confidenziale e senza impegno né responsabilità da parte nostra. Esse sono destinate ad esclusivo vostro uso, e vi facciamo responsabili di tutte le conseguenze che potessero derivare dalle loro comunicazione a terzi. Inoltre, non ci possiamo impegnare a ritornare su queste informazioni nel caso in cui più tardi, dovessimo venire a conoscenza di un cambiamento nella situazione della ditta in nome della persona sul argomento indicato. Nel caso informazioni saranno date unicamente dietro richiesta.

The report given below is based on as far as it does not represent our own opinion) on the information received from third parties that are considered reliable. It is given in strict confidence and without any commitment or responsibility on our part. Furthermore, it is for your own use exclusively, and we would have to hold you liable for any consequences which might arise from its transmission to third parties. We cannot undertake to revert to this information should we hear at any changes in the situation of the subject of your enquiry at a later date, they would be supplied to you upon a new enquiry only.

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COMPAGNIE DE SERVICES FINANCIAIRES SA
Jucr, Chemin Thury
1206 Genève

Société créée le 13 septembre 1971, avec un capital-actions de FRS 415'000.--, dernier changement 23.01.1979, les actions sont détenues par l'épouse de Monsieur Willard-I. ZUCKER.

Le but de la société consiste à donner tous conseils en matière fiscale, financière, juridique et économique et gérer tous biens pour le compte de tiers. La société pourra prendre également toutes participations à toutes entreprises financières, mobilières ou immobilières.

Nous sommes en relation d'affaire avec la société précitée depuis le 4 décembre 1978 et les affaires traitées se sont déroulées à notre entière satisfaction.

La société est sérieusement dirigée et administrée et selon nos expériences, elle ne souscrira aucun engagement qu'elle ne pourrait pas tenir.

s.g.n.r.

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Ihre Anfrage vom/Votre demande du/Vostra domanda del/Your inquiry of: 08.10.85 Datum/Date/Data: Genève, le 14.10.85
REF.: AGF/JS/vw/620

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Compagnie De Services Fiduciares

Company created on September 13th, 1971, with a capital and shares totalling 415,000. ..., last change made on 23.01.1979, the shares are held by the wife of Mr. Willard I. Zucker.

The company's goal is to give all advice on fiscal, financial, judicial and economic matters and handle all financial goods of the customer. The company would also take part or participate in any financial and real estate actions or enterprises.

We have been in business with the already mentioned firm from December 4th, 1978, and all business has been perfectly carried out.

The company is efficiently and seriously run, and we believe that it would engage in no commitment which it would not be able to honor.

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Dun & Bradstreet REPORT
VÉRIFIER SI LES NOMS, BRANCHE ET ADRESSE CORRESPONDENT À LA DEMANDE

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The company has no real estate holdings.

Business premises are rented. Monthly rent amounts to SFr. 4.400.
Sales are represented by fees, commission and interests.
Sales for 1979 were estimated at SFr. 3.000.000, in 1980 at SFr. 4.250.000, in 1983 at SFr. 5.450.000, and in 1984 at SFr. 5.450.000.
The earnings position is considered good.
The financial situation is considered sound.

Tax figures (in SFr.):

Due to official regulations, no tax figures are available.

Banking:

-Compagnie de Banque et d'Investissement, Geneva.
-Swiss Credit, Eaux-Vives/Geneva.
-Trade Development Bank, Geneva.
-Republic National Bank, New-York.

Auditors:

Fiduciaire Audifid, Fribourg.

HISTORY

Joint stock company. Registered in the Trade Register for the first time on 13/09/1971
The company is newly established.

Board of Directors:

JEAN DE SENARCLENS, from Geneva, in Chêne-Bougeries, chairman with individual signature.
He was born in 1916, married and father. Jurist, he is director of some companies.
ALFRED STOHLER, from Frattein, in Prangins, member of the board with joint signature.
Management:
WILLARD I. ZUCKER, from USA, in Bernex, manager with individual signature.
ROLAND FARINA, from and in Geneva, assistant manager with individual signature.

OPERATION

Es handelt sich hierbei um ein kleineres Unternehmen von geringer örtlicher Bedeutung.
Business volume is considered good.
There is (are) 15 employee(s).

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VERIFIER SI LES NOMS, SIGNALEMENT ET ADRESSE CORRESPONDENT À LA DEMANDE

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COMPAGNIE DE SERVICES FIDUCIAIRES SA

Facilities:

Business premises are located at the above address and are rented.

Location:

Business premises are located on the outskirts of the city.

Branches:

None.

AFFILIATES

- TRADE AFFILIATES SA, same address, which will be liquidated.
- CSF INVESTMENTS LTD, in Bermudas.

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CLASSIFIED AT TIME OF PUBLICATION.

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CSF

Chapter 22
Footnote 4.

Geneva, December 30, 1983.
WIZ/mp

Abdullah Said Bugshan & Bros.
P.O. Box 8399
Riyadh,
Saudi Arabia

22-4

Re: Security Project for Dhahran Airbase

STG 9141

Gentlemen:

We understand that you are acting as agent for Stanford Technology Trading Group International (hereinafter "STTGI") for their participation in the above described project and we are pleased to provide you with the following additional information to facilitate your efforts to secure this project for STTGI.

Our affiliation with STTGI, its associated and predecessor companies, dates back to 1971. In the intervening years, we have provided various financial services to the group, including acting as one of their bankers. With assets available to us of approximately one hundred million Swiss Francs, we have provided financing for various of their projects in the Middle East, Africa and the Far East, which projects included systems in the areas of security, receiving stations and satellite imaging processing and which projects generally amounted to several millions of dollars. All of the projects of which we have knowledge were successfully completed by the group.

Should you require additional information about our company, you may obtain it either by directing your inquiries to us, to STTGI, or to any of the banks with which we work, the names and addresses of which are enclosed on the attached sheet.

Yours very truly,

COMPAGNIE DE SERVICES FIDUCIAIRES S.A.

Willard I. Zucker

Encl. ment.

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Chapter 22-5 note 5

Financial and Fiduciary Services

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SIG 1545

Through its internationally trained staff and portfolio companies, STTGI offers a full range of fiduciary and financial services designed to serve the needs of international clientele. These services include:

- **Investment Management**

  Administration of a client's assets on an advisory or discretionary basis is in accordance with the client's objectives; that is, either to make recommendations to the client or to exercise our discretion on the client's behalf.

- **Commercial Services**

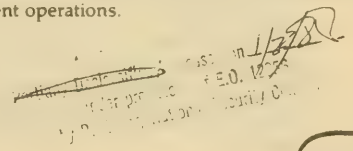
  STTGI can assist companies in establishing and developing business relationships for the licensing of industrial property such as patents, know-how, and trademarks, for arranging joint ventures with foreign participants and generally to represent the interest of clients in Western Europe and the Middle East.

- **Banking and Financial Support**

  STTGI can provide unique banking and business financial services offshore and in Europe for International business operations. Under proper circumstances STTGI can also provide financial support that might not otherwise be available for project implementation.

- **Tax Consultancy**

  STTGI can provide unique tax consultancy services based on the use and availability of its international investment management operations.



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International Trading



UNCLASSIFIED STG 15453

International Trade and Commerce is a complex business even when goods and services are bought and sold through exchange of currency. Often bartering or off-sets are necessary to acheive a successful transaction, and this is an even more complex affair. STTGI's staff and portfolio companies can help in the following ways:

- **Bartering and Off-Sets**

  Through its worldwide contacts, STTGI is aware of diverse needs and available commodities, goods and services. Through creative and skillful bartering and off-set arrangements these elements can be brought together to achieve a successful transaction for all concerned.

- **Shipping and Freight Forwarding**

  International trade involves customs, shipping and freight forwarding which can be frustrating, time consuming and costly. STTGI's experienced staff is available to ease the burden in these matters.

- **Product Sourcing**

  Quality products, components and services at a competitive price are vital ingredients of any successful business. STTGI's personnel have years of experience in finding the right product at the right price on a world wide basis.

- **International Marketing And Sales**

  STTGI has an extensive international marketing network, and its staff members, many of whom have lived and worked overseas, have a broad marketing and technical sales background. These capabilities can be made available to your organization to provide a dynamic and cost effective international marketing and sales team. As a member of STTGI you can reach new markets with your products and services, and you will have the opportunity to work with other STTGI companies who complement your own capability.

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Chapter 22
Footnote 6
SN 007

22-6

TO: Secord Main Witness File

FROM: [redacted] Mensky

RE: STTI Phone Records

DATE: October 6, 1987

Enclosed phone logs correlate with documented movement of Enterprise funds through Secord/Hakim account network.

Prepared by [redacted] accountants using Lotus-Ledgers

JRM

Partially declassified, released on 1/22/88 under provisions of E.O. 12356 by B. Koch, National Security Council

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FOR SECORD UNCLASSIFIED EN 0071

FROM	FROM NUMBER	TO NUMBER	TIME	LEN
** DATE OF CALLS: 05/28/85				
MCLEAN, VA	[redacted]		1148	1
05/30/85	Transworld Arms	$ 8,000		
	Portugal Arms	57,500		
05/31/85	Calero Payment	299,848		
** DATE OF CALLS: 10/04/85				
SANTRB, FL	[redacted]		1139	5
10/04/85	Hakim	$ 1,500		
** DATE OF CALLS: 10/08/85				
MCLEAN, VA	[redacted]		1205	2
MCLEAN, VA			1040	4
MCLEAN, VA			1013	4
MCLEAN, VA			902	1
10/11/87	IC Income	$ 99,948		
** DATE OF CALLS: 10/09/85				
MCLEAN, VA	[redacted]		1354	1
MCLEAN, VA			1355	2
** DATE OF CALLS: 10/11/85				
SHALIMAR, FL	[redacted]		818	6
** DATE OF CALLS: 10/14/85				
MCLEAN, VA	[redacted]		1517	3
MCLEAN, VA			1516	1
10/15/85	Masoudi	$ 5,000		
	Quintero	4,000		
	Hakim	2,000		
** DATE OF CALLS: 10/30/85				
MCLEAN, VA	[redacted]		143	7
** DATE OF CALLS: 10/31/85				
MEMPHIS, TN	[redacted]		1136	2
** DATE OF CALLS: 11/04/85				
MCLEAN, VA	[redacted]		938	3
11/04/85	IC Income	$ 149,916		
** DATE OF CALLS: 11/07/85				
MCLEAN, VA	[redacted]		1009	8

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PANAMA CITY, FL	[redacted]		1006	1
PANAMA CITY, FL			832	1
MOULTRIE, GA			1320	8
PANAMA CITY, FL			833	1
11/07/85	-----	-----		

** DATE OF CALLS: 11/08/85

MCLEAN, VA	[redacted]		1308	15

** DATE OF CALLS: 11/18/85

MCLEAN, VA	[redacted]		1047	4
11/18/85	Ace	$ 450,630		

** DATE OF CALLS: 11/19/85

SAN JOSE, CA	[redacted]		641	8
VIENNA, VA			1206	3
(See 11/20/85)				

** DATE OF CALLS: 11/20/85

NEW YORK, NY	[redacted]		835	5
NEW YORK, NY			945	8
11/19/85	Israel Income	$1,000,000		
11/20/85	Legal Fees	7,500		
	Port-Arms	100,000		
	Hakim	21,470		

** DATE OF CALLS: 12/06/85

MCLEAN, VA	[redacted]		1148	1
MCLEAN, VA			1223	1

** DATE OF CALLS: 12/09/85

LOS GATOS, CA	[redacted]		514	4
(See 12/10/85)				

** DATE OF CALLS: 12/10/85

MCLEAN, VA	[redacted]		945	5
12/09/85	Southern Air	$ 60,000		
12/10/85	"	"		

** DATE OF CALLS: 12/11/85

LOS GATOS, CA	[redacted]		328	21
LOS GATOS, CA			513	10
12/11/85	Portugal Arms	$300,000		
12/13/85	"	"		

** DATE OF CALLS: 12/12/85

MCLEAN, VA	[redacted]		1113	4

** DATE OF CALLS: 12/13/85

LOS GATOS, CA	[redacted]		921	11
LOS GATOS, CA			750	4

** DATE OF CALLS: 12/16/85

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EN

- SAN JOSE, CA [redacted] 620 6

12/16/85	Aeroleasing	$ 21,983
	Hakim	2,386
	I.C.	299,903
	CT	50,000
	Hakim	100,800
	Korel	100,800
	Quintero	10,000
	Business Expense	50,000
	Southern Air	58,500
	Montero	2,540

** DATE OF CALLS: 12/18/85

MCLEAN, VA	[redacted]	930	2
MCLEAN, VA		1601	3

** DATE OF CALLS: 12/20/85

MCLEAN, VA	[redacted]	1006	3
12/20/85	-----	-----	

** DATE OF CALLS: 12/30/85

LOS GATOS, CA	[redacted]	906	7
12/30/85	-----	-----	

** DATE OF CALLS: 01/02/86

LOS GATOS, CA	[redacted]	641	3
01/02/86	-----	-----	

** DATE OF CALLS: 01/03/86

LOS GATOS, CA	[redacted]	657	3
01/03/86	-----	-----	

** DATE OF CALLS: 01/06/86

MCLEAN, VA	[redacted]	1643	1
MCLEAN, VA		1644	1
LOS GATOS, CA		644	8
LOS GATOS, CA		749	4
01/06/86	-----	-----	

** DATE OF CALLS: 01/07/86

MCLEAN, VA	[redacted]	1014	1
01/07/86	Quintero	$ 4,000	
	Management Fees	882	
	L. Hamilton Airfield	125,000	
	Miller C (Deposit)(?)	60,000	

** DATE OF CALLS: 01/13/86

MCLEAN, VA	[redacted]	943	2
MCLEAN, VA		943	2
01/13/86		$ 10,000	

** DATE OF CALLS: 01/14/86

MCLEAN, VA	[redacted]	1203	3
MCLEAN, VA		1240	0

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MCLEAN, VA	[redacted]		1534	3
MCLEAN, VA			1203	3
MCLEAN, VA			1240	1
MCLEAN, VA			1534	3
01/14/86	Maule	$	5,100	

** DATE OF CALLS: 01/15/86

QUEENS, NY	[redacted]		909	4
01/15/86	-----	-----		

** DATE OF CALLS: 01/16/86

MCLEAN, VA	[redacted]		916	4
MCLEAN, VA			927	4
MCLEAN, VA			1112	5
01/16/86	-----	-----		

** DATE OF CALLS: 01/17/86

MCLEAN, VA	[redacted]		1029	9
01/17/86	-----	-----		

** DATE OF CALLS: 01/19/86

LOS GATOS, CA	[redacted]		2305	1
LOS GATOS, CA			2303	1

** DATE OF CALLS: 01/20/86

LOS GATOS, CA	[redacted]		458	6
01/20/86	Howard Rice	$	20,000	
	Ace		230,000	

** DATE OF CALLS: 01/27/86

LOS GATOS, CA	[redacted]		751	4
01/27/86	Defex Frebourg (?)	$	26,174	

** DATE OF CALLS: 01/29/86

LOS GATOS, CA	[redacted]		43	4
LOS GATOS, CA			17	4
01/29/86	Quintero	$	4,000	

** DATE OF CALLS: 01/31/86

LOS GATOS, CA	[redacted]		827	17
LOS GATOS, CA			803	2
LOS GATOS, CA			806	2
LOS GATOS, CA			753	6
01/31/86	Ace	$	150,000	

** DATE OF CALLS: 02/02/86

LOS GATOS, CA	[redacted]		2234	6

** DATE OF CALLS: 02/03/86

LOS GATOS, CA	[redacted]		602	3
LOS GATOS, CA			101	2
02/03/86	Maule	$	50,535	

** DATE OF CALLS: 02/04/86

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LOS GATOS, CA	[redacted]	414	2	
02/04/86	-----	-----		

** DATE OF CALLS: 02/05/86

LOS GATOS, CA	[redacted]	522	3	
LOS GATOS, CA		404	3	
LOS GATOS, CA		0	5	
LOS GATOS, CA		800	2	
02/05/86	Scitech	$100,000		
	Hakim	165,000		
	Funds from Kashoggi	2,500,000		

** DATE OF CALLS: 02/07/86

LOS GATOS, CA	[redacted]	813	2	
LOS GATOS, CA		1202	3	
LOS GATOS, CA		2345	5	
LOS GATOS, CA		2302	5	
LOS GATOS, CA		331	6	
LOS GATOS, CA		2323	7	
LOS GATOS, CA		548	3	
LOS GATOS, CA		2250	10	
02/07/86	----	-----		

** DATE OF CALLS: 02/08/86

LOS GATOS, CA	[redacted]	1211	2	
LOS GATOS, CA		1221	4	
LOS GATOS, CA		1206	1	
LOS GATOS, CA		1208	2	

** DATE OF CALLS: 02/09/86

LOS GATOS, CA	[redacted]	219	1	
LOS GATOS, CA		627	3	
LOS GATOS, CA		633	1	

** DATE OF CALLS: 02/10/86

MCLEAN, VA	[redacted]	1106	5	
MCLEAN, VA		1220	5	
LOS GATOS, CA		559	2	
LOS GATOS, CA		822	3	
LOS GATOS, CA		601	8	
BEVERLY HILLS, CA		1234	2	
LOS GATOS, CA		125	4	
LOS GATOS, CA		640	6	
LOS GATOS, CA		722	1	
LOS GATOS, CA		619	4	
LOS GATOS, CA		520	10	
02/10/86	Kashoggi	$2,500,000		
	CIA	1,850,000		
	CIA	1,850,000		

** DATE OF CALLS: 02/11/86

LOS GATOS, CA	[redacted]	921	4	
LOS GATOS, CA		429	6	

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LOS GATOS, CA	[redacted]		1206	4
LOS GATOS, CA			2337	7
02/11/86	-----	-----		
** DATE OF CALLS: 02/12/86				
LOS GATOS, CA	[redacted]		1041	3
LOS GATOS, CA			703	3
02/12/86	-----	-----		
** DATE OF CALLS: 02/13/86				
LOS GATOS, CA	[redacted]		519	8
LOS GATOS, CA			411	4
LOS GATOS, CA			552	4
LOS GATOS, CA			758	2
LOS GATOS, CA			749	6
02/12/86	Korel	$ 35,000		
** DATE OF CALLS: 02/14/86				
SULLIVANS, ISLAND	[redacted]		906	2
LOS GATOS, CA			0	3
02/14/86	Eust (?)	$ 10,000		
	Bank of Ostar	31,500		
	Montero	10,417		
	Korel	165,000		
	Business	300		
	[redacted]	3,500		
		10,000		
	CTEA	15,000		
	Southern Air	270,000		
** DATE OF CALLS: 02/17/86				
BEVERLY HILLS, CA	[redacted]		1631	28
** DATE OF CALLS: 02/18/86				
BEVERLY HILLS, CA	[redacted]		906	15
BEVERLY HILLS, CA			845	1
** DATE OF CALLS: 02/21/86				
LOS GATOS, CA	[redacted]		2128	39
LOS GATOS, CA			1411	21
LOS GATOS, CA			1300	4
** DATE OF CALLS: 02/22/86				
MCLEAN, VA	[redacted]		1450	2
LOS GATOS, CA			1936	20
ATLANTA, GA			1600	5
LOS GATOS, CA			2152	2
LOS GATOS, CA			2136	12
ATLANTA, GA			1309	8
LOS GATOS, CA			848	19

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** DATE OF CALLS: 02/23/86
LOS GATOS, CA [redacted] 1602 6
LOS GATOS, CA 905 14
LOS GATOS, CA 2153 5

** DATE OF CALLS: 02/27/86
LOS GATOS, CA [redacted] 1519 15
LOS GATOS, CA 2144 7

** DATE OF CALLS: 03/06/86
- ASPEN, CO [redacted] 649 3

** DATE OF CALLS: 03/07/86
- NEW YORK, NY [redacted] 1035 2
03/07/86 Israel $100,000
Ace 475,000
Hakim 28,000
[redacted] 10,000

** DATE OF CALLS: 03/13/86
LOS GATOS, CA [redacted] 706 5

** DATE OF CALLS: 03/18/86
LOS GATOS, CA [redacted] 425 8
LOS GATOS, CA 737 4
LOS GATOS, CA 723 8
LOS GATOS, CA 637 5

** DATE OF CALLS: 03/20/86
MCLEAN, VA [redacted] 1144 3
MCLEAN, VA 1127 10
03/20/86 ----- -----

** DATE OF CALLS: 03/21/86
MCLEAN, VA [redacted] 1011 3
MCLEAN, VA 913 1
MCLEAN, VA 1141 4
MCLEAN, VA 1130 2
03/21/86 Southern Air $ 71,000
Ace 29,000

** DATE OF CALLS: 03/24/86
MCLEAN, VA [redacted] 1224 3
MCLEAN, VA 946 4
MCLEAN, VA 1044 6
03/24/86 Quintero $ 10,000

** DATE OF CALLS: 03/25/86
MCLEAN, VA [redacted] 830 3
MCLEAN, VA 1443 2
03/25/86 ----- -----

** DATE OF CALLS: 03/26/86

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MCLEAN, VA	[redacted]		857	7
MCLEAN, VA			927	11
MCLEAN, VA			118	2
03/26/86	-----	-----		
** DATE OF CALLS: 03/27/86				
MCLEAN, VA			1050	1
MCLEAN, VA			830	4
MCLEAN, VA			827	3
MCLEAN, VA			1046	2
03/27/86	-----	-----		
** DATE OF CALLS: 03/31/86				
MCLEAN, VA	[redacted]		1212	4
MCLEAN, VA			1219	4
** DATE OF CALLS: 04/01/86				
LOS GATOS, CA	[redacted]		528	3
LOS GATOS, CA			620	3
LOS GATOS, CA			658	1
LOS GATOS, CA			45	3
04/01/86	-----	-----		
** DATE OF CALLS: 04/02/86				
LOS GATOS, CA	[redacted]		544	1
LOS GATOS, CA			557	2
** DATE OF CALLS: 04/03/86				
LOS GATOS, CA	[redacted]		532	7
04/03/86	Southern Air	$400,000		
	Quintero	28,000		
** DATE OF CALLS: 04/04/86				
LOS GATOS, CA	[redacted]		823	10
** DATE OF CALLS: 04/07/86				
LOS GATOS, CA	[redacted]		755	13
LOS GATOS, CA			403	3
04/07/86	Portugal Arms	$ 93,120		
** DATE OF CALLS: 04/08/86				
LOS GATOS, CA	[redacted]		1120	4
LOS GATOS, CA			1212	1
LOS GATOS, CA			1314	2
LOS GATOS, CA			1006	1
04/08/86	-----	-----		
** DATE OF CALLS: 04/09/86				
LOS GATOS, CA	[redacted]		638	2
LOS GATOS, CA			626	9
04/09/86	Portugal Arms	$136,137		
** DATE OF CALLS: 04/11/86				
MCLEAN, VA	[redacted]		1109	8

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	04/11/86	-----	-----	
** DATE OF CALLS: 04/14/86				
- SHALIMAR, FL	[redacted]		959	1
	04/14/86	East Inc.	$ 30,000(?)	
		Southern Air	150,000	
** DATE OF CALLS: 04/15/86				
- MCLEAN, VA	[redacted]		1542	4
- SHALIMAR, FL			630	7
	04/15/86	IC Deposit	$ 47,974	
		IBC Deposit	649,853	
** DATE OF CALLS: 04/16/86				
- MCLEAN, VA	[redacted]		1102	22
	04/16/86	Director	$ 2,673	
		Hakim	3,000	
		Hakim	72,580	
		Director Fees	2,750	
		East Inc.	100,357	
		Shapp Green & Langford	294	
		Southern Air	200,000	
		Hakim	15,000	
		Frebourg (?)	161,000	
		Ace	57,022	
		Aero Contractors (?)	19,635	
** DATE OF CALLS: 04/29/86				
- MCLEAN, VA	[redacted]		1003	2
- MCLEAN, VA			952	4
	04/29/86	Quintero, R	$ 5,000	
** DATE OF CALLS: 05/02/86				
- MCLEAN, VA	[redacted]		1051	2
	05/02/86	Hakim	$ 943	
** DATE OF CALLS: 05/08/86				
- SALT LAKE, UT	[redacted]		1230	2
** DATE OF CALLS: 05/09/86				
LOS GATOS, CA	[redacted]		1211	14
LOS GATOS, CA			728	6
LOS GATOS, CA			626	12
LOS GATOS, CA			501	14
	05/09/86	Travel	$ 2,793	
** DATE OF CALLS: 05/13/86				
- MCLEAN, VA	[redacted]		1142	9
	05/13/86	-----	-----	
** DATE OF CALLS: 05/14/86				
- MCLEAN, VA	[redacted]		1352	1
- MCLEAN, VA			1348	2
- MCLEAN, VA			1352	1

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05/14/86	Funds from Kashoggi	$10,000,000
	TDB Codelis (?)	101,500
	Basiners (?)	2,778
	DEA	30,150
	CIA	6,500,000

** DATE OF CALLS: 05/15/86

MCLEAN, VA	[redacted]	1617	6
MCLEAN, VA		1156	1
MCLEAN, VA		1241	5
MCLEAN, VA		1234	1
MCLEAN, VA		1218	2
MCLEAN, VA		1157	3
MCLEAN, VA		1617	6
MCLEAN, VA		1156	1
MCLEAN, VA		1241	5
MCLEAN, VA		1234	1

** DATE OF CALLS: 05/16/86

MCLEAN, VA	[redacted]	1259	1
MCLEAN, VA		1804	3
MCLEAN, VA		1304	2
MCLEAN, VA		901	1
MCLEAN, VA		902	7
MCLEAN, VA		1259	3
MCLEAN, VA		1804	3

05/16/86	Kashoggi	$5,000,000
	Funds Tram.	
	Israel	1,460,000
	Scitech (Tri Am. Arms)	150,000

** DATE OF CALLS: 05/17/86

MCLEAN, VA	[redacted]	1852	1

** DATE OF CALLS: 05/19/86

MCLEAN, VA	[redacted]	955	5
MCLEAN, VA		955	5

** DATE OF CALLS: 05/20/86

MCLEAN, VA	[redacted]	1321	6
MCLEAN, VA		1323	1
MCLEAN, VA		1014	6
MCLEAN, VA		1217	6
MCLEAN, VA		1239	1

** DATE OF CALLS: 05/21/86

MCLEAN, VA	[redacted]	900	3
MCLEAN, VA		856	2
MCLEAN, VA		900	3
MCLEAN, VA		856	2

** DATE OF CALLS: 05/28/86

MCLEAN, VA	[redacted]	1628	4
MCLEAN, VA		1628	4

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[redacted] 0081

** DATE OF CALLS: 05/29/86				
MCLEAN, VA	[redacted]		936	1
MCLEAN, VA			924	2
MCLEAN, VA			936	1
MCLEAN, VA			924	5
** DATE OF CALLS: 05/30/86				
MCLEAN, VA	[redacted]		945	7
** DATE OF CALLS: 06/01/86				
MCLEAN, VA	[redacted]		656	2
** DATE OF CALLS: 06/02/86				
MCLEAN, VA	[redacted]		842	3
06/02/86	Capital Hakim	$ 79,167		
	CTEA	79,167		
	Bus.	1,000		
	Capital Koul (?)	79,167		
	Scitech	26,390		
** DATE OF CALLS: 06/08/86				
LOS GATOS, CA	[redacted]		739	7
** DATE OF CALLS: 06/09/86				
LOS GATOS, CA	[redacted]		530	10
06/09/86	-----	-----		
** DATE OF CALLS: 06/12/86				
MCLEAN, VA	[redacted]		1252	3
** DATE OF CALLS: 06/13/86				
MCLEAN, VA	[redacted]		1114	3
MCLEAN, VA			1457	8
MCLEAN, VA			1457	8
MCLEAN, VA			1032	5
LOS GATOS, CA			1946	34
** DATE OF CALLS: 06/14/86				
LOS GATOS, CA	[redacted]		1308	14
** DATE OF CALLS: 06/15/86				
MIDDLEBURG, VA	[redacted]		1337	2
LOS GATOS, CA			1249	31
LOS GATOS, CA			1045	3
** DATE OF CALLS: 06/16/86				
PAWLEYS ISLAND, SC	[redacted]		1144	3
MCLEAN, VA			1345	1
MCLEAN, VA			1649	5
MCLEAN, VA			1351	2
MCLEAN, VA			1345	1
LOS GATOS, CA			1315	5

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LOS GATOS, CA	[redacted]		1025	19
LOS GATOS, CA			734	2
** DATE OF CALLS: 06/17/86				
MCLEAN, VA	[redacted]		1651	2
MCLEAN, VA			1516	2
MCLEAN, VA			1655	1
LOS GATOS, CA			2104	11
LOS GATOS, CA			1436	22
** DATE OF CALLS: 06/19/86				
MCLEAN, VA	[redacted]		1546	3
** DATE OF CALLS: 06/20/86				
MCLEAN, VA	[redacted]		841	16
06/20/86	Korel	$ 11,183		
	Al Kassar	500,000		
	Hakim	11,183		
	CTEA	11,183		
	Scitech	3,728		
** DATE OF CALLS: 06/22/86				
MCLEAN, VA	[redacted]		1229	4
06/22/86	-----	-----		
** DATE OF CALLS: 06/24/86				
MCLEAN, VA	[redacted]		937	6
06/24/86	-----	-----		
** DATE OF CALLS: 06/25/86				
MCLEAN, VA	[redacted]		1045	3
MCLEAN, VA			1056	3
06/25/86	-----	-----		
** DATE OF CALLS: 06/26/86				
MCLEAN, VA	[redacted]		1009	4
06/26/86	Chartering Service	$ 6,425		
** DATE OF CALLS: 06/27/86				
DULLES, VA	[redacted]		611	11
06/27/86	Corporate Air Ser.	$ 58,000		
** DATE OF CALLS: 06/30/86				
LOS GATOS, CA	[redacted]		513	4
LOS GATOS, CA			747	2
LOS GATOS, CA			834	19
06/30/86	Chartering	$ 3,454		
	[redacted]	7,000		
	Quintero	5,000		
	Scitech	30,000		
** DATE OF CALLS: 07/01/86				
LOS GATOS, CA	[redacted]		739	4
07/01/86	Zucker	$ 1,000		

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	Southern Air	200,000		
	Portugal Arms	845,000		
** DATE OF CALLS: 07/08/86				
MCLEAN, VA	[redacted]		1111	11
MCLEAN, VA			1044	13
07/08/86	Ship Expense	$ 15,500		
	Capt. Arne --	3,125		
	Currency Exchange	2,778		
** DATE OF CALLS: 07/10/86				
MCLEAN, VA	[redacted]		907	1
MCLEAN, VA			907	1
MCLEAN, VA			1135	2
07/10/86	Ship	$ 5,000		
	Crew	5,900		
	Captain	6,250		
** DATE OF CALLS: 07/15/86				
MCLEAN, VA	[redacted]		1140	6
07/15/86	Insurance	$ 70,000		
	Portugal Arms	881,987		
	Chartering	5,430		
	Aero Contractors Ltd.	45,392		
** DATE OF CALLS: 07/18/86				
MCLEAN, VA	[redacted]		1024	13
07/18/86	C-123 Ward Purchase	$125,000		
	C-123 Hansen (?)	125,000		
	Cash Withdrawal	310,000		
** DATE OF CALLS: 07/29/86				
LOS GATOS, CA	[redacted]		853	8
07/29/86	Zucker	$ 1,000		
	Montero	16,204		
	Compania (?)	3,993		
	Lilac McHose, Chas (?)	4,896		
	Lankarani Tila (?)	8,000		
** DATE OF CALLS: 08/28/86				
ATLANTA, GA	[redacted]		1810	5
** DATE OF CALLS: 08/29/86				
LOS GATOS, CA	[redacted]		2335	5
LOS GATOS, CA			725	1
08/29/86	TDB Cordelis (?)	$ 51,000		
** DATE OF CALLS: 09/02/86				
LOS GATOS, CA	[redacted]		627	1
09/02/86	Corp. Air Services	$ 62,018		
** DATE OF CALLS: 09/06/86				
LOS GATOS, CA	[redacted]		927	3
LOS GATOS, CA			700	27

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09/06/86 Cruz $ 7,000

** DATE OF CALLS: 09/08/86
LOS GATOS, CA [redacted] 747 3
09/08/86 [redacted] $ 10,000

** DATE OF CALLS: 09/10/86
LOS GATOS, CA [redacted] 641 3
09/10/86 Southern Air Trans. $ 50,000

** DATE OF CALLS: 09/13/86
LOS GATOS, CA [redacted] 839 4

** DATE OF CALLS: 09/16/86
INDIAN, MS [redacted] 625 6
09/16/86 Tom Clines $ 2,000

** DATE OF CALLS: 09/17/86
FALLS CHURCH, VA [redacted] 1841 2
MCLEAN, VA 1008 11

** DATE OF CALLS: 09/18/86
MCLEAN, VA [redacted] 1438 18
MCLEAN, VA 1018 3

** DATE OF CALLS: 09/19/86
MCLEAN, VA [redacted] 1431 1
FALLS CHURCH, VA 2152 5

** DATE OF CALLS: 09/20/86
MCLEAN, VA [redacted] 1107 5
MCLEAN, VA 1540 3

** DATE OF CALLS: 09/21/86
FALLS CHURCH, VA [redacted] 705 4

** DATE OF CALLS: 09/22/86
MCLEAN, VA [redacted] 1002 3
MCLEAN, VA 1028 1
PHILADELPHIA, PA 1521 3

09/22/86 Quintero $ 10,000
Tom Clines 5,000
Income CIA 1,200,000

** DATE OF CALLS: 09/23/86
NEW YORK, NY [redacted] 100 20

** DATE OF CALLS: 09/24/86
MCLEAN, VA [redacted] 1118 2
NEW YORK, NY 557 3
NEW YORK, NY 1505 4

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09/24/86 East Inc. $ 14,449

** DATE OF CALLS: 09/25/86
NEW YORK, NY [redacted] 935 5
NEW YORK, NY 14 6

** DATE OF CALLS: 10/01/86
FALLS CHURCH, VA [redacted] 1339 11

** DATE OF CALLS: 10/02/86
FALLS CHURCH, VA [redacted] 922 8
10/02/86 Quintero $ 5,000

** DATE OF CALLS: 10/03/86
MCLEAN, VA [redacted] 826 7
MCLEAN, VA 811 1
10/03/86 STTGI $ 25,000
Hakim 250,000

** DATE OF CALLS: 10/04/86
QUEENS, NY [redacted] 1801 1
DULLES, VA 1540 2

** DATE OF CALLS: 10/16/86
MCLEAN, VA [redacted] 1130 2
10/16/86 ----- -----

** DATE OF CALLS: 10/17/86
MCLEAN, VA [redacted] 1417 6
10/17/86 Air Meno Egtan (?) $251,000

** DATE OF CALLS: 10/18/86
MCLEAN, VA [redacted] 1015 7

** DATE OF CALLS: 10/22/86
MCLEAN, VA [redacted] 1412 6

** DATE OF CALLS: 10/27/86
MCLEAN, VA [redacted] 926 1

** DATE OF CALLS: 10/28/86
MCLEAN, VA [redacted] 1629 3

** DATE OF CALLS: 11/05/86
MCLEAN, VA 0 3
MCLEAN, VA [redacted] 1260 3
LOS GATOS, CA 2125 18
LOS GATOS, CA 1012 9

** DATE OF CALLS: 11/06/86
MCLEAN, VA [redacted] 1453 2
MCLEAN, VA 936 3
LOS GATOS, CA 842 1

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LOS GATOS, CA	[redacted]	2004	7	
LOS GATOS, CA		1543	1	
** DATE OF CALLS: 11/07/86				
MCLEAN, VA	[redacted]	1223	7	
MCLEAN, VA		1151	2	
MCLEAN, VA		906	11	
LOS GATOS, CA		854	1	
LOS GATOS, CA		855	1	
LOS GATOS, CA		2130	1	
LOS GATOS, CA		2131	34	
** DATE OF CALLS: 11/08/86				
BEVERLY HILLS, CA	[redacted]	1141	5	
BEVERLY HILLS, CA		2253	3	
** DATE OF CALLS: 11/09/86				
BEVERLY HILLS, CA	[redacted]	105	6	
LOS GATOS, CA		1831	1	
LOS GATOS, CA		2231	5	
BEVERLY HILLS, CA		212	1	
BEVERLY HILLS, CA		923	5	
INGLEOOWD, CA		1450	3	
** DATE OF CALLS: 11/10/86				
MCLEAN, VA	[redacted]	942	9	
MCLEAN, VA		1001	10	
LOS GATOS, CA		950	4	
LOS GATOS, CA		1950	19	
** DATE OF CALLS: 11/12/86				
MCLEAN, VA	[redacted]	713	1	
LOS GATOS, CA		2345	2	
11/12/86	CTEA	$ 30,000		
	Hesup (?)	7,100		
	Forways	260,000		
** DATE OF CALLS: 11/20/86				
LOS GATOS, CA	[redacted]	2158	19	
11/20/86	Stanford Technology	$ 25,000		
** DATE OF CALLS: 11/25/86				
LOS GATOS, CA	[redacted]	1015	7	
11/25/86	Hakim, Lilac, McHose$	868		
	Scitech	50,000		
** DATE OF CALLS: 11/26/86				
LOS GATOS, CA	[redacted]	736	2	
11/26/86	Shea & Gardiner	$ 6,216		

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** DATE OF CALLS: 12/01/86			
- WASHINGTON, DC	[redacted]	1506	18
** DATE OF CALLS: 12/02/86			
- MCLEAN, VA	[redacted]	1205	2
- FALLS CHURCH, VA		1548	2
- VIENNA, VA		1318	9
- FALLS CHURCH, VA		1546	1
** DATE OF CALLS: 12/03/86			
- MCLEAN, VA	[redacted]	953	9
- MCLEAN, VA		1842	4
—LOS GATOS, CA		631	14
- MCLEAN, VA		1231	2
** DATE OF CALLS: 12/04/86			
MCLEAN, VA	[redacted]	1610	1
MCLEAN, VA		1424	2
MCLEAN, VA		1848	2
** DATE OF CALLS: 12/05/86			
MCLEAN, VA	[redacted]	1059	3
MCLEAN, VA		1102	3
** DATE OF CALLS: 12/08/86			
MCLEAN, VA	[redacted]	1355	1
MCLEAN, VA		1355	1
MCLEAN, VA		1738	10
** DATE OF CALLS: 12/10/86			
- MCLEAN, VA	[redacted]	1620	1
** DATE OF CALLS: 12/11/86			
-MCLEAN, VA	[redacted]	1146	1
DULLES, VA		1734	15
** DATE OF CALLS: 12/12/86			
FT. WALTON BEACH, FL	[redacted]	7	5
** DATE OF CALLS: 12/24/86			
MIDDLEBURG, VA	[redacted]	1144	11
- MCLEAN, VA		1646	20
** DATE OF CALLS: 12/27/86			
MONTROSS, VA	[redacted]	0	2
** DATE OF CALLS: 12/29/86			
—GREENBURG, PA	[redacted]	1843	16
LATROBE, PA		1639	3
LATROVE, PA		1643	3

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EN 0091

- GREENBURG, PA	8128366060	412234609	1737	3
** DATE OF CALLS: 12/30/86				
- MCLEAN, VA	[redacted]		2118	4
LEESBURG, VA			833	1
- MCLEAN, VA			1659	6
** DATE OF CALLS: 01/03/87				
- MCLEAN, VA	[redacted]		1057	7
** DATE OF CALLS: 01/08/87				
LOS GATOS, CA	[redacted]		812	2
LOS GATOS, CA			320	2
** DATE OF CALLS: 01/13/87				
LOS GATOS, CA	[redacted]		703	10
MCLEAN, VA			1523	1
MCLEAN, VA			1044	2
MCLEAN, VA			1459	2
LOS GATOS, CA			1418	5
LOS GATOS, CA			1423	13
** DATE OF CALLS: 01/14/87				
- MCLEAN, VA	[redacted]		1649	2
- MCLEAN, VA			1753	1
LOS GATOS, CA			533	2
LOS GATOS, CA			447	1
LOS GATOS, CA			636	5
LOS GATOS, CA			3	4
LOS GATOS, CA			433	2
- MCLEAN, VA			1544	1
** DATE OF CALLS: 01/15/87				
LOS GATOS, CA	[redacted]		718	2
LOS GATOS, CA			416	2
LOS GATOS, CA			655	3
** DATE OF CALLS: 01/18/87				
LOS GATOS, CA	[redacted]		742	13
** DATE OF CALLS: 01/22/87				
MCLEAN, VA	[redacted]		1531	4
** DATE OF CALLS: 01/23/87				
MCLEAN, VA	[redacted]		971	8
MCLEAN, VA			1420	1
MCLEAN, VA			1709	1
** DATE OF CALLS: 01/25/87				
- NEW YORK, NY	[redacted]		833	2
** DATE OF CALLS: 01/30/87				
- MCLEAN, VA	[redacted]		1138	26

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EN 0092

** DATE OF CALLS: 02/01/87			
-- MCLEAN, VA; [redacted]	1139	18	Hold Com
** DATE OF CALLS: 02/03/87			
- MCLEAN, VA [redacted]	1647	1	
** DATE OF CALLS: 02/04/87			
- MCLEAN, VA [redacted]	819	33	
** DATE OF CALLS: 02/08/87			
- DECATUR, IL [redacted]	41	20	
** DATE OF CALLS: 12/01/87			
MCLEAN, VA [redacted]	846	1	CST
MCLEAN, VA	936	3	HI

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CLASSIFIED AT TIME OF PUBLICATION.

22-9

CLASSIFIED AT TIME OF PUBLICATION.

82-684 O-88-9

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

A/C.		DESCRIPTION		DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
	957							
5	H	CAPITAL INVESTED	US$					
		**********						
5600001		CAPITAL INVESTED	US$	113 427.63	9 785 611.01	9 672 183.38-		9 672 183.38-
		TOTAL GROUP		113 427 63	9 785 611.01	9 672 183.38-		9 672 183.38-
		P/L. NET BALANCE (1-5)						9 672 183.38-
6		CHARGES	US$					
		**********						
600101		ALBERT HAKIM	US$	6 883 403.87	50 000.00	6 833 403.87		6 833 403.87
600201		KOREL ASSETS	US$	1 076 914.68	34 122.31	1 042 792.37		1 042 792.37
600301		C. TEA	US$	1 017 308.46	27 305.32	990 003.14		990 003.14
00401		SCITECH	US$	607 984.00	2 000.00	605 984.00		605 984.00
00501		BUTTON	US$	200 000.00	0.00	200 000.00		200 000.00
		TOTAL GROUP		9 785 611.01	113 427.63	9 672 183.38		9 672 183.38

Chapter 22
Footnote 10

22-10

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

A/C.	DESCRIPTION	DEBIT	CREDIT	BALANCE	BALANCE
					CURRENCY US$
	GRAND TOTALS	9 899 038.64	9 899 038.64	0.00	0.00

4999 D E F E X
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C	SN	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5		****** CAPITAL INVESTED		US$			
5600001	H	****** CAPITAL INVESTED		US$			
18	2	CASH WITHDRAWAL		600101		5 000.00	5 000.00-
20	2	CASH WITHDRAWAL		600201		22 000.00	27 000.00-
25	2	CASH DEPOSIT		600301		15 000.00	42 000.00-
16	4	TR TO LEE YUN		600101		3 000.00	45 000.00-
24	4	CHQ K. PHILLIPS		600401		5 000.00	50 000.00-
10	6	TR TO BK OF KOREA		600101		5 000.00	55 000.00-
14	11	TR TO SCITECH		600401		67 340.00	122 340.00-
85							
7	2	TR TO KOREL		600201		165 000.00	287 340.00-
20	2	CASH WITHDRAWAL		600101		20 000.00	307 340.00-
20	3	CASH WITHDRAWAL		600101		3 000.00	310 340.00-
25	3	CASH WITHDRAWAL		600101		3 000.00	
25	3	TR TO KHALID RASHID		600201		31 817.00	345 157.00-
2	4	CASH WITHDRAWAL		600101		5 000.00	350 157.00-
3	4	TR TO BARCLAYS BANK CALIF.		600101		10 000.00	
3	4	CASH WITHDRAWAL		600201		7 000.00	
3	4	TRANSFER FROM ENERGY		600301		20 000.00	387 157.00-
9	4	TR TO BANK OF AMERICA		600101		12 800.00	399 957.00-
10	4	CHQ TO T. GREEN		600201		45 000.00	444 957.00-
12	4	TR TO RVS		600201		101 926.78	
12	4	TR TO RVS		600201		118 336.00	665 219.78-
16	4	TR TO ALBERT HAKIM		600101		50 000.00	
16	4	TRANSFER FROM ENERGY		600301		20 000.00	735 219.78-
18	4	TR TO R. GOODING		600101		37 030.00	772 249.78-
19	4	ADVANCE FOR EXPENSES		600301		15 000.00	787 249.78-
29	4	CASH WITHDRAWAL		600101		7 000.00	794 249.78-
6	5	CASH WITHDRAWAL		600101		3 000.00	
6	5	CASH WITHDRAWAL		600201		5 000.00	802 249.78-
7	5	TR TO CS PARIS		600301		116 000.00	918 249.78-
17	5	TR TO 1ST AMERICAN BANK		600301		90 000.00	1 008 249.78-
21	5	TR TO CIE DE SERV FID RE LO		600101		250 000.00	1 258 249.78-

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
600001	CAPITAL INVESTED		(SUITE)			
24 5	PMT HOTEL INTERCON SFR 578		600101		224.12	1 258 473.90-
30 5	TR TO BK OF KOREA		600101		50 000.00	1 308 473.90-
1 6	TR TO A HAKIM		600101		30 000.00	1 338 473.90-
17 6	FUNDS RETURNED UNPAID		600101	50 000.00		1 288 473.90-
18 6	TR TO BK OF KOREA		600101		45 000.00	1 333 473.90-
3 7	CASH WITHDRAWAL		600101		420.17	
3 7	CASH WITHDRAWAL		600201		210.08	
3 7	TR TO 1ST AMERICAN BANK		600301		25 000.00	1 359 104.15-
5 7	TR TO AH THRU RNB		600101		20 050.00	1 379 154.15-
10 7	TR TO PHILLIPS		600401		4 000.00	1 383 154.15-
15 7	CASH WITHDRAWAL		600101		20 300.00	1 403 454.15-
16 7	CASH WITHDRAWAL		600101		2 500.00	
16 7	CASH WITHDRAWAL		600201		2 500.00	
16 7	WITHDRAWAL US$ NOTES		600301		206 090.35	1 614 544.50-
19 7	CASH WITHDRAWAL		600201		7 000.00	1 621 544.50-
22 7	TR TO LOS GATOS		600101		75 000.00	1 696 544.50-
16 8	CASH WITHDRAWAL		600101		2 943.46	1 699 487.96-
28 8	CASH WITHDRAWAL		600101		10 000.00	
28 8	TRANSFER		600401		48 560.00	1 758 047.96-
3 9	CASH WITHDRAWAL		600101		7 000.00	1 765 047.96-
17 9	CASH WITHDRAWAL		600201		10 000.00	
17 9	CASH WITHDRAWAL. MASOUDI		600201		2 000.00	1 777 047.96-
20 9	CHQ K. PHILLIPS		600401		2 000.00	
20 9	CHQ K. PHILLIPS		600401	0.00		1 779 047.96-
23 9	CASH WITHDRAWAL		600101		11 500.00	
23 9	CHQ KEUN SIK WON		600101		9 500.00	1 800 047.96-
24 9	CASH WITHDRAWAL		600101		5 000.30	1 805 048.26-
1 10	CHQ K. PHILLIPS		600401		2 000.00	1 807 048.26-
4 10	CASH SOONI HAKIM		600101		1 500.00	1 808 548.26-
15 10	CASH WITHDRAWAL		600101		2 000.00	1 810 548.26-
23 10	CASH WITHDRAWAL		600201		9 000.00	1 819 548.26-
25 10	CHQ K. PHILLIPS		600401		2 000.00	1 821 548.26-
28 10	CASH WITHDRAWAL		600101		102 000.00	1 923 548.26-
7 11	CASH WITHDRAWAL SFR 2000.-		600101		943.40	1 924 491 66-
12 11	CASH WITHDRAWAL		600201		7 000.00	1 931 491 66-
14 11	TR TO CIE DE SERV FID RE AH		600101		43 030.00	1 974 521.66-

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A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CAPITAL INVESTED		(SUITE)			
15 11	TR TO CIE DE SERV FID RE AH		600101		20 000.00	
15 11	CASH WITHDRAWAL		600101		25 000.00	2 019 521.66-
22 11	CASH WITHDRAWAL		600101		21 470.00	2 040 991.66-
25 11	CHQ K. PHILLIPS	961	600401		2 000.00	2 042 991.66-
3 12	PMT VITA ZURICH SFR 19844.80		600101		9 529.32	
3 12	PMT VITA ZURICH SFR 8'332.-		600101		4 000.96	2 056 521.94-
16 12	CASH WITHDRAWAL SFR 5000.-		600101		2 386.63	2 058 908.57-
17 12	BAL OF ACCT PHASE I-II-III	H	600101		82 031.09	
17 12	PROFIT DISTRIBUTION PHASE IV		600101		100 800.00	
17 12	PROFIT DISTRIBUTION PHASE IV		600201		100 800.00	
17 12	REF CHQ K PHILLIPS		600401	2 000.00		
17 12	PROFIT DISTRIBUTION PHASE IV		600301		50 400.00	2 390 939.66-
86						
21 1	TR TO HOWARD RICE		600101		20 000.00	2 410 939.66-
6 2	TR TO SCITECH		600401		100 000.00	2 510 939.66-
7 2	TR TO A. HAKIM		600101		165 000.00	2 675 939.66-
13 2	CHQ TO A GREEN		600201		35 000.00	2 710 939.66-
18 2	CASH ADVANCE		600301		15 000.00	2 725 939.66-
19 2	CASH WITHDRAWAL		600101		1 351.42	2 727 291.08-
26 2	TRANSFER TO SHARP GREEN & LANK FO		600201		1 670.50	2 728 961.58-
5 3	CSF INV. AH/SUB A/C		600101		2 000 000.00	4 728 961.58-
18 3	CIE SRV FID CASH AH		600101		28 000.00	
18 3	CSF INV. CASH AH		600101		50 000.00	4 806 961.58-
14 4	TRANSFER		600301		25 000.00	4 831 961.58-
17 4	AH SFR 136734.90		600101		72 580.00	
17 4	CASH ALBERT HAKIM		600101		3 000.00	
17 4	CSF INV LTD		600101		15 000.00	4 922 541.58-
18 4	CSF REIMBT KHALID RASHID		600201	57 817.00		4 890 724.58-
22 4	REIMBT DEFEX		600301	25 000.00		4 865 724.58-
28 4	CASH PASSPORT USA		600101		4 975.00	
28 4	CSF CHQ RVS		600201		28 111.00	4 898 810.58-
2 5	TRANSFER		600301		2 274.80	4 901 085.38-
16 5	TR TO TAA		600401		150 000.00	5 051 085.38-
20 5	CIE SERV. FID AH		600101		26 490.00	
20 5	CSF RVS		600201		26 490.00	
20 5	CIE SERV FID SCITECH		600401		8 833.00	

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CAPITAL INVESTED		(SUITE)			
20 5	CSF INV RE BUTTON	962	600501		200 000.00	
20 5	TRANSFER		600301		26 490.00	5 339 388.38-
21 5	CSF INV. AH SUB A/C 1		600101		10 000.00	
21 5	CASH WITHDRAWAL		600101		60 300.00	5 409 688.38-
22 5	CSF INV. RE SCITECH		600401		100 000.00	5 509 688.38-
23 5	CIE DE SERV FID RE AH	H	600101		500 000.00	6 009 688.38-
27 5	CASH		600101		10 000.00	6 019 688.38-
3 6	TR TO CSF INV. RE AH		600101		79 167.00	
3 6	TR TO CSF INV. RE SCITECH		600401		26 390.00	
3 6	TR TO CSF INV. RE KOREL		600201		79 167.00	
3 6	TR TO CSF INV RE C.TEA		600301		79 167.00	6 283 579.38-
18 6	CSF A/C II CASH		600101		2 000 000.00	
18 6	CSF A/C III CASH		600101		200 000.00	8 483 579.38-
20 6	TR TO DEFEX		600101		11 183.00	
20 6	TR TO DEFEX		600201		11 183.00	
20 6	TR TO DEFEX		600401		3 728.00	
20 6	TR TO DEFEX		600301		11 183.00	8 520 856.38-
1 7	5000 DM CHQ		600201		2 305.32	
1 7	5000 DM CHQ		600301		2 305.31	8 525 467.01-
2 7	RBT CHQ BUCHINGER PAT.		600201	2 305.31		
2 7	RBT CHQ BUCHINGER PAT.		600301	2 305.32		8 520 856.38-
14 7	CASH WITHDRAWAL		600301		10 000.00	8 530 856.38-
27 8	TRANSFER FROM DEFEX		600101		258 398.00	
27 8	TRANSFER FROM DEFEX		600201		258 398.00	
27 8	TRANSFER FROM DEFEX		600301		258 398.00	
27 8	TRANSFER FROM DEFEX		600401		86 133.00	9 392 183.38-
3 10	REIMBURSEMENT CIE SERV. FID	CASH	600101		250 000.00	9 642 183.38-
11 11	CSF INVEST. RE C. TEA		600301		30 000.00	9 672 183.38-
	TRANSACT. & BALANCE			113 427.63	9 785 611.01	9 672 183.38-

4999 D E F E X
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 FINAL

A/C. NAME & DESCRIPTION DOC NO CONTRA DEBIT CREDIT BALANCE

H 963

964

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6		****** CHARGES		US$			
600101		****** ALBERT HAKIM		US$			
18	Z	CASH WITHDRAWAL		5600001	5 000.00		5 000.00
16	4	TR TO LEE YUN	H	5600001	3 000.00		8 000.00
10	6	TR TO BK OF KOREA		5600001	5 000.00		13 000.00
85							
20	2	CASH WITHDRAWAL		5600001	20 000.00		33 000.00
20	3	CASH WITHDRAWAL		5600001	3 000.00		36 000.00
25	3	CASH WITHDRAWAL		5600001	3 000.00		39 000.00
2	4	CASH WITHDRAWAL		5600001	5 000.00		44 000.00
3	4	TR TO BARCLAYS BANK CALIF		5600001	10 000.00		54 000.00
9	4	TR TO BANK OF AMERICA		5600001	12 800.00		66 800.00
16	4	TR TO ALBERT HAKIM		5600001	50 000.00		116 800.00
18	4	TR TO R. GOODING		5600001	37 030.00		153 830.00
29	4	CASH WITHDRAWAL		5600001	7 000.00		160 830.00
6	5	CASH WITHDRAWAL		5600001	3 000.00		163 830.00
21	5	TR TO CIE DE SERV FID RE LO		5600001	250 000.00		413 830.00
24	5	PMT HOTEL INTERCON SFR 578		5600001	224.12		414 054.12
30	5	TR TO BK OF KOREA		5600001	50 000.00		464 054.12
7	6	TR TO A.HAKIM		5600001	30 000.00		494 054.12
17	6	FUNDS RETURNED UNPAID		5600001		50 000.00	444 054.12
18	6	TR TO BK OF KOREA		5600001	45 000.00		489 054.12
3	7	CASH WITHDRAWAL		5600001	420.17		489 474.29
5	7	TR TO AH THRU RNB		5600001	20 050.00		509 524.29
15	7	CASH WITHDRAWAL		5600001	20 300.00		529 824.29
16	7	CASH WITHDRAWAL		5600001	2 500.00		532 324.29
22	7	TR TO LOS GATOS		5600001	75 000.00		607 324.29
16	8	CASH WITHDRAWAL		5600001	2 943.46		610 267.75
28	8	CASH WITHDRAWAL		5600001	10 000.00		620 267.75
3	9	CASH WITHDRAWAL		5600001	7 000.00		627 267.75
23	9	CASH WITHDRAWAL		5600001	11 500.00		
23	9	CHQ KEUN SIK WON		5600001	9 500.00		648 267.75
24	9	CASH WITHDRAWAL		5600001	5 000.30		653 268.05

4999 D E F E X
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
000101	ALBERT HAKIM (SUITE)				
4 10	CASH SOONI HAKIM	5600001	1 500.00		654 768.05
15 10	CASH WITHDRAWAL	5600001	2 000.00		656 768.05
28 10	CASH WITHDRAWAL	5600001	100 000.00		756 768.05
7 11	CASH WITHDRAWAL SFR 2000.-	5600001	943.40		757 711.45
14 11	TR TO CIE DE SERV FID RE AH	5600001	45 030.00		802 741.45
15 11	TR TO CIE DE SERV FID RE AH	5600001	20 000.00		
15 11	CASH WITHDRAWAL	5600001	25 000.00		847 741.45
22 11	CASH WITHDRAWAL	5600001	21 470.00		869 211.45
3 12	PMT VITA ZURICH SFR 19844.80	5600001	9 529.32		
3 12	PMT VITA ZURICH SFR 8'332.-	5600001	4 000.96		882 741.73
16 12	CASH WITHDRAWAL SFR 5000.-	5600001	2 386.63		885 128.36
17 12	BAL OF ACCT PHASE I-II-III	5600001	82 031.09		
17 12	PROFIT DISTRIBUTION PHASE IV	5600001	100 800.00		1 067 959.45
86					
21 1	TR TO HOWARD RICE	5600001	20 000.00		1 087 959.45
7 2	TR TO A. HAKIM	5600001	165 000.00		1 252 959.45
19 2	CASH WITHDRAWAL	5600001	1 351.42		1 254 310.87
5 3	CSF INV. AH/SUB A/C	5600001	2 000 000.00		3 254 310.87
18 3	CIE SRV FID CASH AH	5600001	28 000.00		
18 3	CSF INV. CASH AH	5600001	50 000.00		3 332 310.87
17 4	AH SFR 136734.90	5600001	72 580.00		
17 4	CASH ALBERT HAKIM	5600001	3 000.00		
17 4	CSF INV. LTD	5600001	15 000.00		3 422 890.87
28 4	CASH PASSPORT USA	5600001	4 975.00		3 427 865.87
20 5	CIE SERV. FID AH	5600001	26 490.00		3 454 355.87
21 5	CSF INV. AH SUB A/C 1	5600001	10 000.00		
21 5	CASH WITHDRAWAL	5600001	60 300.00		3 524 655.87
23 5	CIE DE SERV FID RE AH	5600001	500 000.00		4 024 655.87
27 5	CASH	5600001	10 000.00		4 034 655.87
3 6	TR TO CSF INV. RE AH	5600001	79 167.00		4 113 822.87
18 6	CSF A/C II CASH	5600001	2 000 000.00		
18 6	CSF A/C III CASH	5600001	200 000.00		6 313 822.87
20 6	TR TO DEFEX	5600001	11 183.00		6 325 005.87
27 8	TRANSFER FROM DEFEX	5600001	256 398.00		6 583 403.87
3 10	REIMBURSEMENT CIE SERV. FID. CASH	5600001	250 000.00		6 833 403.87

965

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4999 D.I.F.E.X
LEDGER

FROM 01 01 84 TO 04 12 86

A/C. NAME & DESCRIPTION

600101 ALBERT HAKIM

TRANSACT. & BALANCE

966 H

DOC NO CONTRA

(SUITE)

DEBIT	CREDIT	BALANCE
6 863 403 87	50 000.00	6 813 403 87

4999 D I F L X 86 12 10 PAGE 1

LEDGER FROM 01 01 84 TO 06 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
600201		****** KOREL ASSETS		US$			
20	2	CASH WITHDRAWAL		5600001	22 000.00		22 000.00
85							
7	2	TR TO KOREL		5600001	165 000.00		187 000.00
25	3	TR TO KHALID RASHID		5600001	31 817.00		218 817.00
3	4	CASH WITHDRAWAL		5600001	7 000.00		225 817.00
10	4	CHQ TO T. GREEN		5600001	45 000.00		270 817.00
12	4	TR TO RVS		5600001	101 926.78		
12	4	TR TO RVS		5600001	118 336.00		491 079.78
6	5	CASH WITHDRAWAL		5600001	5 000.00		496 079.78
3	7	CASH WITHDRAWAL		5600001	210.08		496 289.86
16	7	CASH WITHDRAWAL		5600001	2 500.00		498 789.86
19	7	CASH WITHDRAWAL		5600001	7 000.00		505 789.86
17	9	CASH WITHDRAWAL		5600001	10 000.00		
17	9	CASH WITHDRAWAL. MASOUDI		5600001	2 000.00		517 789.86
23	10	CASH WITHDRAWAL		5600001	9 000.00		526 789.86
12	11	CASH WITHDRAWAL		5600001	7 000.00		533 789.86
17	12	PROFIT DISTRIBUTION PHASE IV		5600001	100 800.00		634 589.86
86							
13	2	CHQ TO A. GREEN		5600001	35 000.00		669 589.86
26	2	TRANSFER TO SHARP GREEN & LANK FO		5600001	1 670.50		671 260.36
18	4	CSF REIMBT KHALID RASHID		5600001		31 817.00	639 443.36
28	4	CSF CHQ RVS		5600001	28 111.00		667 554.36
20	5	CSF RVS		5600001	26 490.00		694 044.36
3	6	TR TO CSF INV. RE KOREL		5600001	79 167.00		773 211.36
20	6	TR TO DEFEX		5600001	11 183.00		784 394.36
1	7	5000 DM CHQ		5600001	2 305.32		786 699.68
2	7	RBT CHQ BUCHINGER PAT.		5600001		2 305.31	784 394.37
27	8	TRANSFER FROM DEFEX		5600001	258 398.00		1 042 792.37
		TRANSACT. & BALANCE			1 076 914.68	34 122.31	1 042 792.37

967 H

235

4999 D E F E X
LEDGER

FROM 01 01 84 TO 04 12 86

N/C.		NAME & DESCRIPTION		DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
					US$			
00301		****** C TEA	968					
25	2	CASH DEPOSIT		5600001		15 000.00		15 000.00
85								
3	4	TRANSFER FROM ENERGY	H	5600001		20 000.00		35 000.00
16	4	TRANSFER FROM ENERGY		5600001		20 000.00		55 000.00
19	4	ADVANCE FOR EXPENSES		5600001		15 000.00		70 000.00
7	5	TR TO CS PARIS		5600001		116 000.00		186 000.00
17	5	TR TO 1ST AMERICAN BANK		5600001		90 000.00		276 000.00
3	7	TR TO 1ST AMERICAN BANK		5600001		25 000.00		301 000.00
16	7	WITHDRAWAL US$ NOTES		5600001		206 090.35		507 090.35
17	12	PROFIT DISTRIBUTION PHASE IV		5600001		50 400.00		557 490.35
86								
18	2	CASH ADVANCE		5600001		15 000.00		572 490.35
14	4	TRANSFER		5600001		25 000.00		597 490.35
22	4	REIMBT DEFEX		5600001			25 000.00	572 490.35
2	5	TRANSFER		5600001		2 274.80		574 765.15
20	5	TRANSFER		5600001		26 490.00		601 255.15
3	6	TR TO CSF INV. RE C.TEA		5600001		79 167.00		680 422.15
20	6	TR TO DEFEX		5600001		11 183.00		691 605.15
1	7	5000 DM CHQ		5600001		7 305.31		693 910.46
2	7	RBT CHQ BUCHINGER PAT.		5600001			2 305.32	691 605.14
14	7	CASH WITHDRAWAL		5600001		10 000.00		701 605.14
27	8	TRANSFER FROM DEFEX		5600001		258 398.00		960 003.14
11	11	CSF INVEST. RE C. TEA		5600001		30 000.00		990 003.14
		TRANSACT. & BALANCE				1 017 308.46	27 305.32	990 003.14

4999 D I F E X 86 12 10 PAGE 1

LEDGER FROM 01 01 84 TO 04 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
00401		****** SCITECH		US$			
24	4	CHQ K PHILLIPS	5600001		5 000 00		5 000 00
14	11	TR TO SCITECH	5600001		67 340.00		72 340 00
85							
10	7	TR TO PHILLIPS	5600001		4 000.00		76 340 00
28	8	TRANSFER	5600001		48 560 00		124 900 00
20	9	CHQ K. PHILLIPS	5600001		2 000 00		
20	9	CHQ K PHILLIPS	5600001		0 00		126 900 00
1	10	CHQ K PHILLIPS	5600001		2 000 00		128 900 00
25	10	CHQ K. PHILLIPS	5600001		2 000 00		130 900 00
25	11	CHQ K PHILLIPS	5600001		2 000 00		132 900 00
17	12	REF CHQ K PHILLIPS	5600001			2 000 00	130 900 00
86							
6	2	TR TO SCITECH	5600001		100 000.00		230 900 00
16	5	TR TO TAA	5600001		150 000 00		380 900 00
20	5	CIE SERV FID SCITECH	5600001		8 833 00		389 733 00
22	5	CSF INV RE SCITECH	5600001		100 000 00		489 733.00
3	6	TR TO CSF INV. RE SCITECH	5600001		26 390.00		516 123 00
20	6	TR TO DEFEX	5600001		3 728.00		519 851 00
27	8	TRANSFER FROM DEFEX	5600001		86 133.00		605 984 00
		TRANSACT & BALANCE			607 984 00	2 000.00	605 984 00

969 H

86 12 10 PAGE 1

4999 D E F E X
LEDGER

FROM 01 01 84 TO 04 12 86

A/C. NAME & DESCRIPTION

DOC.NO CONTRA

DEBIT

CREDIT

BALANCE

970 H

US$

600501 ****** BUTTON

5600001 200 000.00 200 000.00

20 5 CSF INV RE BUTTON

TRANSACT. & BALANCE 200 000.00 0.00 200 000.00

4999 D E F E X
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	GRAND TOTALS	H 971		9 899 038.64	9 899 038.64	0 00

03 ALBERT HAKIM

86 12 10 PAGE 1

C. DESCRIPTION 972 H

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

			DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
	CAPITAL INVESTED	US$					
	##################################						
99001	D E F E X	US$	9 836 361.01	113 427.63	9 722 933.38		9 722 933 38
	TOTAL GROUP		9 836 361.01	113 427.63	9 722 933.38		9 722 933 38
	CASH ACCOUNTS	US$					
	##################################						
00001	LAKE RES. - CREDIT SUISSE	US$	37 242 567.57	37 241 393.19	1 174.38		1 174.38
02001	GULF MARKETING CONS.	US$	13 698 476.63	13 697 982.03	494.60		494.60
03001	DOLMY BUSINESS	US$	717 500.00	715 169.35	2 330.65		2 330 65
06001	ALBON VALUES	US$	10 829 049.51	10 823 103.62	5 945 89		5 945 89
07001	TOYCO SA	US$	6 342 520.35	6 341 716 79	803 56		803 56
08001	HYDE PARK SQUARE	US$	32 959 173.84	32 942 746.84	16 427.00		16 427 00
08101	CALL DEPOSIT - HYDE PARK	US$	12 400 000 00	11 200 000 00	1 200 000.00		1 200 000 00
10000	STANTECH SERVICES SA	SFR	50 000.00	17 728 20	32 271.80		16 896.22
	BANK GUARANTEES	US$					
00001	SERFID GUARANTEE	US$	70 000.00	0 00	70 000 00		70 000.00
	TOTAL BANK GUARANTEES		70 000.00	0 00	70 000.00		70 000 00
	TOTAL GROUP		174 912 319.88	173 582 872.00	1 329 447 88		1 314 072 30
	P/L. NET BALANCE (1-5)						11 037 005 68

03 ALBERT HAKIM

TRIAL BALANCE FROM 1 01 86 TO 4 12 86

C.	DESCRIPTION		DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
	CHARGES	US$					
	##################################						
00001	TRANSIT ACCOUNT	US$	1 044 438.00	224 438.00	820 000.00	820 000.00	
00101	SOUTHERN AIR TRANSPORT	US$	3 269 365.00	4 768.20	3 264 596.80	3 264 596.80	
00401	R. QUINTERO	US$	229 218.26	0.00	229 218.26	229 218.26	
00501	AEROLEASING SA	US$	226 999.96	0.00	226 999.96	226 999.96	
00601	S.B.S. 67-666-BA	US$	11 234 598.37	0.00	11 234 598.37	11 234 598.37	
00801	MAULE AIRCRAFT	US$	173 437.71	0.00	173 437.71	173 437.71	
00901	COMMERCIAL TULIN SA	US$	155 000.00	0.00	155 000.00	155 000.00	
01001	AMALGAMATED COM. ENT.	US$	46 892.45	0.00	46 892.45	46 892.45	
01101	JOSEPH HAMILTON	US$	125 000.00	0.00	125 000.00	125 000.00	
01801	MONZER ALKASSAR	US$	1 500 000.00	0.00	1 500 000.00	1 500 000.00	
01901	J. MONTERO	US$	158 686.40	30 000.00	128 686.40	128 686.40	
02001	STTGI	US$	552 489.54	70 920.55	481 568.99	481 568.99	
02101	ABDUL RAHMAN TINAY	US$	2 636.00	0.00	2 636.00	2 636.00	
02401	ALPHA SERVICES	US$	200 000.00	0.00	200 000.00	200 000.00	
02501	DENIS PONCE	US$	15 000.00	14 970.00	30.00	30.00	
02601	SANTA LUCIA AIRWAYS	US$	127 700.00	0.00	127 700.00	127 700.00	
02701	TRANSWORLD ARMS LTD.	US$	1 712 037.00	200 000.00	1 512 037.00	1 512 037.00	
02901	TRANSWORLD HOLDING INC.	US$	67 444.69	1 069.43	66 375.26	66 375.26	
03301	GAR INC.	US$	1 000.00	0.00	1 000.00	1 000.00	
03501	J. BASULTO	US$	503.00	0.00	503.00	503.00	
03601	J. GIRAUD	US$	410.00	0.00	410.00	410.00	
03701	EAST INC.	US$	657 806.63	0.00	657 806.63	657 806.63	
03901	SHIP	US$	585 045.80	0.00	585 045.80	585 045.80	
03903	SHIP INSURANCE - DM	DM	110 318.75	0.00	110 318.75	50 259.00	
04101	ACE	US$	1 494 063.60	0.00	1 494 063.60	1 494 063.60	
04201	D.B.&T.C. # 81053	US$	732 250.00	0.00	732 250.00	732 250.00	
04301	ARTURO JOSE CARUZ PORRAS	US$	59 500.00	0.00	59 500.00	59 500.00	
04401	GOULDENS CLIENTS ACCOUNT	US$	110 000.00	0.00	110 000.00	110 000.00	
04501	MOTOROLA INC.	US$	100 000.00	0.00	100 000.00	100 000.00	
04601	CODELIS	US$	101 500.00	0.00	101 500.00	101 500.00	
04801	500816-JM-601 D	US$	10 200 000.00	0.00	10 200 000.00	10 200 000.00	
05001	AERO CONTRACTORS LTD	US$	65 027.00	0.00	65 027.00	65 027.00	
05101	BK OTSAR T.A. # 2303705-50	US$	31 500.00	0.00	31 500.00	31 500.00	

03 ALBERT HAKIM 974

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

C.	DESCRIPTION		DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
5201	CORPORATE AIR SERVICES	US$	211 954.66	0.00	211 954.66	211 954.66	
5301	TOM GREEN	US$	95 000.00	0.00	95 000.00	95 000.00	
5401	DAVCO ASSOCIATES	US$	10 000.00	0.00	10 000.00	10 000.00	
5501	COMPANIA DEL DESSAROLLO DE S.ELENA	US$	3 993.00	0.00	3 993.00	3 993.00	
5601	ED JANAY 15.09596.7	US$	81 433.89	0.00	81 433.89	81 433.89	
5701	FORWAY INDUSTRIES	US$	310 000.00	0.00	310 000.00	310 000.00	
5801	ACL	US$	5 729.68	0.00	5 729.68	5 729.68	
5901	HAEFELIN	US$	2 037 000.00	0.00	2 037 000.00	2 037 000.00	
6001	STANFORD TECHN. CORP. TDB GE	US$	88 000.00	0.00	88 000.00	88 000.00	
6101	SHEA AND GARDINER	US$	20 000.00	0.00	20 000.00	20 000.00	
0100	DOMICILIATION + DIRECTORS FEES	SFR	14 250.00	0.00	14 250.00	7 460.73	
0101	DOMICILIATION + DIRECTORS FEES	US$	29 584.49	1 070.95	28 513.54	28 513.54	
0201	BUSINESS EXPENSES	US$	572 783.98	23 899.86	548 884.12	548 884.12	
0301	TELEPHONE CHARGES	US$	1 775.86	0.00	1 775.86	1 775.86	
0400	BANK CHARGES	SFR	50.00	0.00	50.00	26.18	
0401	BANK CHARGES	US$	68 371.34	595.66	67 775.68	67 775.68	
0403	BANK CHARGES	DM	5 879.61	0.00	5 879.61	2 678.63	
0501	MANAGEMENT FEES	US$	882.45	0.00	882.45	882.45	
0600	PROF & LEGAL FEES	SFR	3 300.00	0.00	3 300.00	1 727.75	
0601	PROF. & LEGAL FEES	US$	82 546.48	0.00	82 546.48	82 546.48	
0000	TAXES	SFR	128.20	0.00	128.20	67.12	
	TOTAL GROUP		41 557 442.55	3 396 643.40	38 160 799.15	38 089 092.02	
	INCOME	US$					
	##########						
0001	MONEY RECEIVED UNIDENTIFY	US$	355 000.00	29 078 683.44	28 723 683.44-	28 723 683.44-	
0201	U.B.S. FRIBOURG	US$	0.00	1 392 000.00	1 392 000.00-	1 392 000.00-	
0301	ALBERT HAKIM	US$	0.00	2 400.00	2 400.00-	2 400.00	
0401	SAM LOEW	US$	0.00	2 000 000.00	2 000 000.00-	2 000 000.00	
0501	I.C. INC.	US$	0.00	797 773.96	797 773.96-	797 773.96	
0601	SBS PANAMA	US$	0.00	950 000.00	950 000.00-	950 000.00-	
0701	TRIVERT INT'L	US$	0.00	10 000 000.00	10 000 000.00-	10 000 000.00-	
0801	GARNET OVERSEAS	US$	0.00	5 000 000.00	5 000 000.00-	5 000 000.00-	
0001	INT. EARNED WITH LAKE RESOURCES	US$	0.00	26 558.00	26 558.00-	26 558.00-	

203 ALBERT HAKIM

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

A/C.	DESCRIPTION		DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
70101	INT. EARNED WITH CSF=NVESTMENTS	US$	0.00	18 616.76	18 616.76-		18 616.76-
70201	INT. EARNED WITH GULF MARKETING	US$	0.00	37 529.10	37 529.10-		37 529.10-
70401	INT. EARNED WITH ENERGY RESOURCES	US$	0.00	59 136.40	59 136.40-		59 136.40-
70601	INT. EARNED WITH ALBON VALUES	US$	0.00	35 338.88	35 338.88-		35 338.88-
70701	INT. EARNED WITH TOYCO SA	US$	0.00	18 629.35	18 629.35-		18 629.35-
70801	INT. EARNED WITH HYDE PARK	US$	0.00	59 864.83	59 864.83-		59 864.83-
70901	INT. EARNED WITH UDALL RESEARCH	US$	0.00	4 915.11	4 915.11-		4 915.11-
	TOTAL GROUP		355 000.00	49 481 446.03	49 126 446.03-		49 126 446.03-
3	FOREX	US$					
	##################################						
390001	EQUIVALENT SFR / US$	US$	26 525.20	0.00	26 525.20		26 525.20
390100	FOREX POSITION SFR	SFR	0.00	50 000.00	50 000.00-		26 178.00-
390103	FOREX POSITION DM	DM	0.00	116 198.36	116 198.36-		52 937.65-
390301	EQUIVALENT DM / US$	US$	52 938.78	0.00	52 938.78		52 938.78
	TOTAL GROUP		79 463.98	166 198.36	86 734.38-		348.33
	P/L. NET BALANCE (6-8)						11 037 005.68-
9	TRANSIT ACCOUNTS	US$					
	##################################						
	TOTAL GROUP		17 652 902.25	17 652 902.25	0.00		0.00

'03 ALBERT HAKIM 976

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

'C DESCRIPTION | DEBIT | CREDIT | BALANCE | BALANCE CURRENCY US$

GRAND TOTALS H | 244 393 489.67 | 244 393 489 67 | 0.00 | 0.00

SFR 52.3560
DM 45.5580

203 ALBERT HAKIM

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

/C. DESCRIPTION | DEBIT | CREDIT | BALANCE | BALANCE

CURRENCY US$

DATE D'EDITION 861210
NOMBRE DE COMPTES 123

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4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 06 12 86

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
1		****** CAPITAL INVESTED		US$			
4999001		****** D E F E X		US$			
18	2	CASH WITHDRAWAL	999901		5 000.00		5 000.00
20	2	CASH WITHDRAWAL	999901		22 000.00		27 000.00
25	2	CASH DEPOSIT	H 978 #999901		15 000.00		42 000.00
16	4	TR TO LEE YUN	999901		3 000.00		45 000.00
24	4	CHQ K. PHILLIPS	999901		5 000.00		50 000.00
10	6	TR TO BK OF KOREA	999901		5 000.00		55 000.00
14	11	TR TO SCITECH	999901		67 340.00		122 340.00
85							
7	2	TR TO KOREL	999901		165 000.00		287 340.00
20	2	CASH WITHDRAWAL	999901		20 000.00		307 340.00
20	3	CASH WITHDRAWAL	999901		3 000.00		310 340.00
25	3	CASH WITHDRAWAL	999901		3 000.00		
25	3	TR TO KHALID RASHID	999901		31 817.00		345 157.00
2	4	CASH WITHDRAWAL	999901		5 000.00		350 157.00
3	4	TR TO BARCLAYS BANK CALIF.	999901		10 000.00		
3	4	CASH WITHDRAWAL	999901		7 000.00		
3	4	TRANSFER FROM ENERGY	#999901		20 000.00		387 157.00
9	4	TR TO BANK OF AMERICA	999901		12 800.00		399 957.00
10	4	CHQ TO T. GREEN	999901		45 000.00		444 957.00
12	4	TR TO RVS	999901		101 926.78		
12	4	TR TO RVS	999901		118 336.00		665 219.78
16	4	TR TO ALBERT HAKIM	999901		50 000.00		
16	4	TRANSFER FROM ENERGY	#999901		20 000.00		735 219.78
18	4	TR TO R. GOODING	999901		37 030.00		772 249.78
19	4	ADVANCE FOR EXPENSES	#999901		15 000.00		787 249.78
29	4	CASH WITHDRAWAL	999901		7 000.00		794 249.78
6	5	CASH WITHDRAWAL	999901		3 000.00		
6	5	CASH WITHDRAWAL	999901		5 000.00		802 249.78
7	5	TR TO CS PARIS.	#999901		116 000.00		918 249.78
17	5	TR TO 1ST AMERICAN BANK	#999901		90 000.00		1 008 249.78
21	5	TR TO CIE DE SERV FID RE LO	999901		250 000.00		1 258 249.78

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
4999001		D E F E X		(SUITE)			
24	5	PMT HOTEL INTERCON SFR 578	999901		224.12		1 258 473 90
30	5	TR TO BK OF KOREA	999901		50 000.00		1 308 473 90
7	6	TR TO A.HAKIM	999901		30 000.00		1 338 473 90
17	6	FUNDS RETURNED UNPAID	999901			50 000.00	1 288 473.90
18	6	TR TO BK OF KOREA	999901		45 000.00		1 333 473 90
3	7	CASH WITHDRAWAL	999901		420.17		
3	7	CASH WITHDRAWAL	999901		210 08		
3	7	TR TO 1ST AMERICAN BANK	a999901		25 000 00		1 359 104 15
5	7	TR TO AH THRU RNB	999901		20 050.00		1 379 154 15
10	7	TR TO PHILLIPS	999901		4 000.00		1 383 154 15
15	7	CASH WITHDRAWAL	999901		20 300 00		1 403 454 15
16	7	CASH WITHDRAWAL	999901		2 500.00		
16	7	CASH WITHDRAWAL	999901		2 500.00		
16	7	WITHDRAWAL US$ NOTES	a999901		206 090.35		1 614 544 50
19	7	CASH WITHDRAWAL	999901		7 000.00		1 621 544 50
22	7	TR TO LOS GATOS	999901		75 000.00		1 696 544.50
16	8	CASH WITHDRAWAL	999901		2 943 46		1 699 487 96
28	8	CASH WITHDRAWAL	999901		10 000.00		
28	8	TRANSFER	999901		48 560 00		1 758 047 96
3	9	CASH WITHDRAWAL	999901		7 000.00		1 765 047 96
17	9	CASH WITHDRAWAL	999901		10 000.00		
17	9	CASH WITHDRAWAL MASOUDI	999901		2 000 00		1 777 047.96
20	9	CHQ K. PHILLIPS	999901		2 000.00		
20	9	CHQ K. PHILLIPS	999901		0.00		1 779 047.96
23	9	CASH WITHDRAWAL	999901		11 500.00		
23	9	CHQ KEUN SIK WON	999901		9 500 00		1 800 047 96
24	9	CASH WITHDRAWAL	999901		5 000.30		1 805 048.26
1	10	CHQ K. PHILLIPS	999901		2 000 00		1 807 048 26
4	10	CASH SOONI HAKIM	999901		1 500 00		1 808 548 26
15	10	CASH WITHDRAWAL	999901		2 000.00		1 810 548 26
23	10	CASH WITHDRAWAL	999901		9 000 00		1 819 548 26
25	10	CHQ K. PHILLIPS	999901		2 000 00		1 821 548 26
28	10	CASH WITHDRAWAL	999901		102 000.00		1 923 548.26
7	11	CASH WITHDRAWAL SFR 2000.-	999901		943.40		1 924 491.66
12	11	CASH WITHDRAWAL	999901		7 000.00		1 931 491 66
14	11	TR TO CIE DE SERV FID RE AH	999901		43 030.00		1 974 521.66

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4203 ALBERT HAKIM 86 12 10 PAGE 3
LEDGER FROM 01 01 86 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
4999001	D E F E X		(SUITE)			
15 11	TR TO CIE DE SERV FID RE AH	999901		20 000 00		
15 11	CASH WITHDRAWAL	999901		25 000 00		2 819 521.66
22 11	CASH WITHDRAWAL	999901		21 470 00		2 840 991.66
25 11	CHQ K. PHILLIPS	999901		2 000.00		2 842 991.66
3 12	PMT VITA ZURICH SFR 19844.80	999901		9 529.32		
3 12	PMT VITA ZURICH SFR 8'332.-	999901		4 000.96		2 856 521.94
16 12	CASH WITHDRAWAL SFR 5000=	999901		2 386 63		2 858 908.57
17 12	BAL OF ACCT PHASE I-II-III	999901		82 031.09		
17 12	PROFIT DISTRIBUTION PHASE IV	999901		100 800.00		
17 12	PROFIT DISTRIBUTION PHASE IV	999901		100 800.00		
17 12	REF CHQ K. PHILLIPS	999901			2 000 00	
17 12	PROFIT DISTRIBUTION PHASE IV	*999901		50 400 00		2 390 939.66
86						
21 1	TR TO HOWARD RICE	999901		20 000.00		2 410 939.66
6 2	TR TO SCITECH	999901		100 000 00		2 510 939.66
7 2	TR TO A. HAKIM	999901		165 000 00		2 675 939 66
13 2	CHQ TO A. GREEN	999901		35 000 00		2 710 939 66
18 2	CASH ADVANCE	*999901		15 000 00		2 725 939 66
19 2	CASH WITHDRAWAL	999901		1 351 42		2 727 291 08
26 2	TRANSFER TO SHARP GREEN & LANK FO	999901		1 670 50		2 728 961 58
5 3	CSF INV. AH/SUB A/C	999901		2 000 000 00		4 728 961.58
18 3	CIE SRV FID CASH AH	999901		26 000 00		
18 3	CSF INV. CASH AH	999901		50 000.00		4 804 961.58
14 4	TRANSFER	*999901		25 000 00		4 831 961.58
17 4	AH SFR 136734.90	999901		72 580 00		
17 4	CASH ALBERT HAKIM	999901		3 000 00		
17 4	CSF INV. LTD	999901		15 000.00		4 922 541.58
18 4	CSF REIMBT KHALID RASHID	999901			31 817 00	4 890 724.58
22 4	REIMBT DEFEX	*999901			25 000 00	4 865 724.58
28 4	CASH PASSPORT USA	999901		4 975 00		
28 4	CSF CHQ RVS	999901		28 111 00		4 894 810.58
2 5	TRANSFER	*999901		2 274 80		4 901 085.38
16 5	TR TO TAA	999901		150 000 00		5 051 085.38
20 5	CIE SERV. FID AH	999901		26 490 00		
20 5	CSF RVS	999901		26 490.00		
20 5	CIE SERV FID SCITECH	999901		8 833.00		

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
4999001	D E F E X		(SUITE)			
20 5	CSF INV RE BUTTON		999901	200 000.00		
20 5	TRANSFER		*999901	26 490.00		5 339 388.38
21 5	CSF INV AH SUB A/C 1		999901	10 000.00		
21 5	CASH WITHDRAWAL		999901	60 300.00		5 409 688.38
22 5	CSF INV. RE SCITECH		999901	100 000.00		5 509 688.38
23 5	CIE DE SERV FID RE AH		999901	500 000.00		6 009 688.38
27 5	CASH		999901	10 000.00		6 019 688.38
3 6	TR TO CSF INV. RE AH		999901	79 167.00		
3 6	TR TO CSF INV. RE SCITECH		999901	26 390.00		
3 6	TR TO CSF INV. RE KOREL		999901	79 167.00		
3 6	TR TO CSF INV. RE C.TEA		999901	79 167.00		6 283 579.38
18 6	CSF A/C II CASH		5608001	2 000 000.00		
18 6	CSF A/C III CASH		5608001	200 000.00		8 483 579.38
20 6	TR TO DEFEX		*5607001	11 183.00		
20 6	TR TO DEFEX		*5607001	11 183.00		
20 6	TR TO DEFEX		*5607001	3 728.00		
20 6	TR TO DEFEX		*5607001	11 183.00		8 520 856.38
24 6	TR TO DEFEX		5609001	50 750.00		8 571 606.38
1 7	5000 DM CHQ		*5606001	2 305.32		
1 7	5000 DM CHQ		*5606001	2 305.31		8 576 217.01
2 7	RBT CHQ BUCHINGER PAT.		*5606001		2 305.31	
2 7	RBT CHQ BUCHINGER PAT.		*5606001		2 305.32	8 571 606.38
14 7	CASH WITHDRAWAL		5608001	10 000.00		8 581 606.38
27 8	TRANSFER FROM DEFEX		*999901	258 398.00		
27 8	TRANSFER FROM DEFEX		*999901	258 398.00		
27 8	TRANSFER FROM DEFEX		*999901	258 398.00		
27 8	TRANSFER FROM DEFEX		*999901	86 133.00		9 442 933.38
3 10	REIMBURSEMENT CIE SERV FID CASH		5608001	250 000.00		9 692 933.38
11 11	CSF INVEST. RE C. TEA		5608001	30 000.00		9 722 933.38
	TRANSACT. & BALANCE			9 836 361.01	113 427.63	9 722 933.38

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

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A/C NAME & DESCRIPTION

DOC NO CONTRA

DEBIT

CREDIT

BALANCE

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A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5	****** CASH ACCOUNTS		US$			
5600001	****** LAKE RES. - CREDIT SUISSE		US$			
24 7	TRANSFER FROM AUDIFI	H	700201	500 000.00		500 000.00
85						
26 7	ON CALL		5600101		1 000 000.00	
26 7	TRANSFER FROM AUDIFI		700201	500 000.00		0.00
5 8	TRANSFER FROM AUDIFI		700201	392 000.00		392 000.00
7 8	FIDUCIARY DEPOSIT		5600201		392 000.00	0.00
21 8	TR FROM JOSEPH COORS		700001	65 000.00		65 000.00
26 8	OFF CALL		5600101	1 000 000.00		
26 8	INTEREST		770001	5 920.13		1 070 920.13
28 8	AGIO		640401		60.00	
28 8	TRANSFER		601601		48 560.00	
28 8	BANK CHARGES		640401		6.55	
28 8	CASH WITHDRAWAL		600201		10 000.00	1 012 293.58
29 8	CHQ R. QUINTERO		600401		4 000.00	
29 8	BANK CHARGES		640401		3.10	1 008 290.48
30 8	TRANSFER TO BCO BILBAO		601801		1 000 000.00	
30 8	BANK CHARGES		640401		6.55	8 283.93
3 9	CASH WITHDRAWAL		600201		7 000.00	
3 9	AGIO		640401		75.00	
3 9	CASH RECEIVED		700301	2 400.00		3 608.93
5 9	CM IBC		700001	130 000.00		133 608.93
6 9	REDEMPTION		5600201	392 000.00		
6 9	INTEREST		770001	2 368.34		
6 9	FIDUCIARY DEPOSIT		5600201		392 000.00	135 977.27
11 9	TR TO STTGI		602001		15 050.00	
11 9	BANK CHARGES		640401		6.64	
11 9	BANK CHARGES		640401		290.00	
11 9	CQ ON L/C		640401		1 720.00	
11 9	TR TO MAULE AIRCRAFT		600801		59 000.00	
11 9	BANK CHARGES		640401		6.64	59 903.99
13 9	PMT R. QUINTERO		600401		4 000.00	

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES - CREDIT SUISSE		(SUITE)			
13 9	BANK CHARGES		640401		2.92	
13 9	TR TO ABDUL RAHMAN		602101		2 636.00	53 765.07
17 9	CASH WITHDRAWAL		600301		10 000.00	
17 9	AGIO		640401		50.00	
17 9	ON CALL		5600101		290 000.00	
17 9	TRANSFER		5604001	279 945.56		33 160.63
20 9	CHQ K. PHILLIPS	H 984	602201		2 000.00	
20 9	BANK CHARGES		640401		2.96	
20 9	TR FROM SAM LOEW		700401	1 000 000.00		
20 9	CHQ UNPAID IBC		700001		130 000.00	
20 9	BANK CHARGES		640401		6.64	901 151.03
23 9	CHQ R. QUINTERO		600401		2 378.93	
23 9	BANK CHARGES		640401		3.18	
23 9	TR TO MAULE AIRCRAFT		600801		4 000.00	
23 9	CHQ KEUN SIK WON		602301		9 500.00	
23 9	CASH WITHDRAWAL		600201		11 500.00	
23 9	BANK CHARGES		640401		256.64	
23 9	CM IBC		700001	129 935.86		
23 9	BANK CHARGES		640401		10.00	1 003 438.14
24 9	ON CALL		5600101		600 000.00	
24 9	CASH WITHDRAWAL		600201		5 000.30	398 437.84
30 9	BANK CHARGES		640401		6.64	
30 9	TR TO ENERGY		5604001		984.12	
30 9	CLOSING ENTRIES		640401		16.76	
30 9	TR TO ALPHA SERVICES		602401		175 000.00	222 430.32
1 10	TR TO ALPHA SERVICES		602401		25 000.00	
1 10	BANK CHARGES		640401		6.64	
1 10	TR TO SBS GVA		600601		301 500.00	
1 10	BANK CHARGES		640401		2.21	
1 10	CHQ K PHILLIPS		602201		2 000.00	
1 10	BANK CHARGES		640401		3.16	
1 10	CHQ R QUINTERO		600401		4 000.00	
1 10	BANK CHARGES		640401		3.16	
1 10	OFF CALL		5600101	150 000.00		
1 10	INTEREST		770001	802.09		40 717.24
2 10	INTEREST		770001	85.94		

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES. - CREDIT SUISSE	(SUITE)			
2 10	INTEREST	770001	830 73		41 633.91
4 10	CASH SOONI HAKIM	600201		1 500 00	
4 10	BANK CHARGES	640401		13.82	40 120 09
7 10	INTEREST	770001	2 489.47		
7 10	FIDUCIARY DEPOSIT	5600201		8 000.00	34 609.56
11 10	TR FROM IC INC	700501	99 947 68		134 557 24
15 10	PMT INV. COMP DE SERV. FID.	640101		4 650.00	
15 10	PMT INV. COMP DE SERV. FID.	640101		4 157.04	
15 10	CASH WITH. MASOUDI	640201		5 000 00	
15 10	CASH WITH. MASOUDI	600301		2 000.00	
15 10	CASH WITHDRAWAL	600201		2 000.00	
15 10	BANK CHARGES	640401		45.00	
15 10	CHQ R QUINTERO	600401		4 000 00	
15 10	BANK CHARGES	640401		3 23	112 701.97
17 10	PMT HOTEL INTERCONTINENTAL	640201		4 812.82	107 889.15
18 10	TR. FROM ENERGY SBS	5605001	3 394.58		111 283.73
21 10	TR TO MAULE AIRCRAFT	600801		50 225.00	
21 10	BANK CHARGES	640401		6.91	
21 10	PMT COM. TULIN SA	600901		15 000.00	
21 10	BANK CHARGES	640401		13.82	
21 10	PMT DENIS PONCE	602501		5 000 00	
21 10	BANK CHARGES	640401		6.91	41 031.09
23 10	CASH WITHDRAWAL	600301		9 000.00	
23 10	AGIO	640401		45 00	31 986.09
25 10	CHQ K. PHILLIPS	602201		2 000.00	
25 10	BANK CHARGES	640401		3.26	
25 10	TR. FROM ENERGY SBS	5605001	200.00		30 182.83
28 10	CASH WITHDRAWAL	600201		102 000.00	
28 10	BANK CHARGES	640401		9.22	71 826.39-
4 11	TR FROM BARCLAYS BANK	700001	149 915 53		78 089.14
7 11	INTEREST	770001	2 497 22		
7 11	CASH WITHDRAWAL SFR 2000.--	600201		943.40	
7 11	OFF CALL	5600101	200 000 00		
7 11	INTEREST	770001	5 087 50		
7 11	FIDUCIARY DEPOSIT	5600201		100 000.00	184 730.46
12 11	PMT INV. AUDIFI	640101		233.37	

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES - CREDIT SUISSE (SUITE)					
12 11	CHQ R. QUINTERO		600401		902.05	
12 11	BANK CHARGES		640401		3.27	
12 11	CASH WITHDRAWAL		600301		7 000.00	
12 11	AGIO		640401		35.00	
12 11	PMT INV CSF		640101		1 400.23	175 156.54
14 11	TR TO CIE DE SERV. FID. AH		600201		43 030.00	
14 11	BANK CHARGES		640401		7.01	
14 11	TR TO SCITECH		601301		67 340.00	
14 11	BANK CHARGES		640401		7.01	64 772.52
15 11	TR TO CIE DE SERV. FID AH		600201		20 000.00	
15 11	BANK CHARGES		640401		7.01	
15 11	TR TO D. PONCE		602501		5 000.00	
15 11	BANK CHARGES		640401		1.87	
15 11	TR TO TULIN SA		600901		15 000.00	
15 11	BANK CHARGES		640401		1.87	
15 11	CASH WITHDRAWAL		600201		25 000.00	
15 11	TR TO TULIN SA		600901		15 000.00	
15 11	TR TO DENIS PONCE		602501		5 000.00	
15 11	BANK CHARGES		640401		30.37	20 268.60-
18 11	TRANSFER TO CSF INV. LTD		999901		80 000.00	
18 11	OFF CALL		5600101	540 000.00		
18 11	INTEREST		770001	1 134.38		
18 11	BANK CHARGES		640401		7.01	
18 11	BANK CHARGES		640401		7.01	
18 11	TR FROM IC INC		700501	47 973.65		
18 11	TR TO AMALGAMATED COM. ENT		604101		450 630.00	38 195.41
20 11	TRANSFER		700001	1 000 000.00		1 038 195.41
21 11	PMT INV. CIE DE SERV FID		640601		7 500.00	1 030 695.41
22 11	TRANSFER TO CSF INV LTD		999901		870 000.00	
22 11	BANK CHARGES		640401		7.01	
22 11	TRANSFER SBS		600601		100 000.00	
22 11	BANK CHARGES		640401		1 152.01	
22 11	CASH WITHDRAWAL		600201		21 470.00	38 066.39
25 11	CHQ R. QUINTERO		600401		4 000.00	
25 11	CHQ K. PHILLIPS		602201		2 000.00	
25 11	FUNDS RECEIVED LESS BK CHARGES		602501	4 970.00		37 036.39

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A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES. - CREDIT SUISSE (SUITE)					
29 11	TR TO SANTA LUCIA AIRWAYS		602601		127 700.00	
29 11	BANK CHARGES		640401		1.87	98 665.48-
3 12	PMT VITA ZURICH AH SFR 19844.80		600201		9 529.32	
3 12	PMT VITA ZURICH AH SFR 8'332.--		600201		4 000.96	104 195.76-
6 12	TRANSFER TO C&F INV. LTD		999901		390 000.00	
6 12	INTEREST		770001	2 920.14		
6 12	REDEMPTION		5600201	500 000.00		8 724.38
16 12	CASH WITHDRAWAL SFR 5000.--		600201		2 386.63	6 337.75
17 12	TRANSFER		700001	299 903.08		306 240.83
18 12	CASH WITHDRAWAL		601901		2 540.00	
18 12	AGIO		640401		12.70	303 688.13
20 12	TRANSFER TO C&F INV. LTD		999901		299 000.00	
20 12	BANK CHARGES		640401		7.21	4 680.92
31 12	CLOSING ENTRIES		640401		379.17	
31 12	ADJ.		640401		0.01	4 301.74
86						
3 1	REVERSAL PMT PONCE		602501	5 000.00		9 301.74
10 1	RECEIVED FRM NATL BK WASH		700001	60 000.00		
10 1	BANK CHARGES		640401		31.95	69 269.79
16 1	REVERSAL PMT D. PONCE		602501	5 000.00		74 269.79
22 1	FROM BARCLAYS BANK		700001	360 000.00		
22 1	BANK CHARGES		640401		124.15	434 145.64
27 1	NEW FUNDS		5601001		400 000.00	
27 1	DEFEX		603201		26 174.70	
27 1	BANK CHARGES		640401		2.39	7 968.55
7 2	NEW FUNDS BCCI- MONTE CARLO		700001	2 500 000.00		2 507 968.55
10 2	TRANSFER		5601001		650 000.00	
10 2	500816-JM-601D		604801		1 850 000.00	
10 2	BANK CHARGES		640401		2.50	
10 2	FROM BCCI-CHASE		700001	2 500 000.00		2 507 966.05
11 2	500816-JM-601D		604801		1 850 000.00	
11 2	BANK CHARGES		640401		2.50	657 963.55
13 2	ON CALL		5600101		650 000.00	7 963.55
17 2	HOTEL INTERCONTINENTAL		640201		665.94	
17 2	CASH WITHDRAWAL		640201		300.00	
17 2	BANK CHARGES		640401		5.17	

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES. - CREDIT SUISSE		(SUITE)			
17 2	ARTURO JOSE CARUZ PORRAS	604301			3 500.00	
17 2	BANK CHARGES	640401			25.00	
17 2	COMMERCIAL TULIN SA	600901			10 000.00	
17 2	BANK CHARGES	640401			25.00	
17 2	BANK CHARGES	640401			7.50	
17 2	EAST INC.	603701			10 000.00	
17 2	BANK CHARGES	640401			7.50	
17 2	TR TO J. MONTERO	601901			10 417.57	
17 2	BANK CHARGES	640401			15.00	
17 2	TR TO BK OTSAR T.A.	605101			31 500.00	58 505.13-
18 2	FROM LAKE	5602001			5 000 000.00	
18 2	BANK CHARGES	640401			150.00	
18 2	SAM LOEWE	700401		1 000 000.00		
18 2	CHECK BCCI	700001		5 000 000.00		
18 2	WITHDRAWAL CASH	*			50 125.00	891 219.87
21 2	FROM LAKE	5602001			1 531 219.87	
21 2	OFF CALL	5600101		650 000.00		
21 2	INTEREST	770001		993.06		10 993.06
26 2	SAT	600101			240 000.00	
26 2	BANK CHARGES	640401			7.50	229 014.44-
28 2	TO LAKE	5602001		250 000.00		20 985.56
5 3	TO LAKE (SAT)	5602001		50 000.00		
5 3	SAT	600101			50 000.00	
5 3	BANK CHARGES	640401			7.98	20 977.58
10 3	TO LAKE	5602001		100 000.00		
10 3	BANK CHARGES	640401			2.66	
10 3	TR TO A/C 81053	604201			100 000.00	20 974.92
18 3	COMMERCIAL TULIN SA	600901			10 000.00	
18 3	BANK CHARGES	640401			15.96	10 958.96
31 3	DEBIT INTEREST	640401			171.96	10 787.00
15 4	IC INC.	700501		649 852.63		660 639.63
17 4	WITH TR TO UDALL	999901			3 225.00	657 414.63
18 4	FROM LAKE	5609001			641 775.00	15 639.63
14 5	TR FRM LAKE	5602001			15 000.00	
14 5	TRANSFER FROM LAKE	5608001			10 000 000.00	
14 5	TRIVERT INT.	700701		10 000 000.00		639.63

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A/C	NAME & DESCRIPTION		DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES - CREDIT SUISSE		(SUITE)			
15 5	DISCOUNT BK & TRUST		700001	225 000 00		225 639 63
16 5	TRANSFER FROM LAKE		5608001		5 000 000 00	
16 5	TRANSFER FROM LAKE		5608001		1 200 000 00	
16 5	GARNET OVERSEAS		700801	5 000 000 00		
16 5	DISCOUNT BK & TRUST		700001	1 460 000 00		
16 5	CASH WITHDRAWAL		999901		224 438.00	
16 5	BANK CHARGES		640401		562.00	260 639 63
21 5	CASH WITHDRAWAL		999901		260 000.00	639 63
30 6	BANK CHARGES		640401		6.91	632 72
25 9	EAST INC.		603701		14 449.25	15 816 53-
26 9	TRANSFER TO LAKE RESOURCES		5608001	15 000.00		1 183.47
26 9	BANK CHARGES	H	640401		9.09	1 174.38
	TRANSACT. & BALANCE			37 242 567 57	37 241 393 19	1 174 38

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FROM 01 01 84 TO 06 12 86

A/C. NAME & DESCRIPTION DOC.NO CONTRA

					DEBIT	CREDIT	BALANCE
5600101	****** CALL DEPOSIT - LAKE RESOURCES			US$			
				5600001	1 000 000.00		1 000 000.00
26	7 ON CALL						
85				5600001		1 000 000.00	0.00
26	8 OFF CALL			5600001	290 000.00		290 000.00
17	9 ON CALL			5600001	600 000.00		890 000.00
24	9 ON CALL			5600001		150 000.00	740 000.00
1	10 OFF CALL			5600001		200 000.00	540 000.00
7	11 OFF CALL			5600001		540 000.00	0.00
18	11 OFF CALL						
86				5600001	650 000.00		650 000.00
13	2 ON CALL			5600001		650 000.00	0.00
21	2 OFF CALL						
	TRANSACT. & BALANCE				2 540 000.00	2 540 000.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600201	****** FID. DEPOSIT - LAKE RESOURCES		US$			
7 8	FIDUCIARY DEPOSIT		5600001	392 000 00		392 000.00
85					392 000.00	
6 9	REDEMPTION		5600001			392 000 00
6 9	FIDUCIARY DEPOSIT		5600001	392 000.00		400 000.00
7 10	FIDUCIARY DEPOSIT		5600001	8 000 00		500 000.00
7 11	FIDUCIARY DEPOSIT		5600001	100 000.00		0.00
6 12	REDEMPTION		5600001		500 000.00	
	TRANSACT. & BALANCE			892 000.00	892 000.00	0 00

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LEDGER FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5601001	****** CSF INVESTMENTS LTD.		US$			
18 11	ON CALL		5601101		80 000.00	
85						
18 11	TRANSFER FROM LAKE RES.	992	999901	80 000.00		0.00
22 11	ON CALL		5601101		870 000.00	
22 11	TRANSFER FROM LAKE RES.		999901	870 000.00		0.00
6 12	ON CALL		5601101		50 000.00	
6 12	FIDUCIARY DEPOSIT		5601201		340 000.00	
6 12	TRANSFER FROM LAKE RES.	H	999901	390 000.00		
6 12	BANK CHARGES		640401		7.21	7.21-
10 12	TRANSFER TO SOUTHERN AIR TRANSPOR		600101		60 000.00	
10 12	BANK CHARGES		640401		7.21	60 014.42-
11 12	OFF CALL		5601101	60 000.00		14.42-
13 12	OFF CALL		5601101	300 000.00		
13 12	TRANSFER TO SBS GVA		600601		300 000.00	
13 12	BANK CHARGES		640401		5.00	19.42-
16 12	PAYMENT TO AEROLEASING GVA		600501		21 983.27	22 002.69-
17 12	BAL OF ACCOUNT PHASE I+II+III		600201		82 031.09	
17 12	PROFIT DISTRIBUTION PHASE IV		600201		100 800.00	
17 12	PROFIT DISTRIBUTION PHASE IV		600301		100 800.00	
17 12	BUSINESS EXPENSES PHASE IV		640201		50 000.00	
17 12	REF CHQ K. PHILLIPS		601301	2 000.00		
17 12	R.Q. BUS EXPENSES		600401		10 000.00	
17 12	PROFIT DISTRIBUTION PHASE IV		999901		50 400.00	414 033.78-
18 12	TR. TO SOUTHERN AIR TRANSPORT		600101		58 500.00	472 533.78-
20 12	ON CALL		5601101		299 000.00	
20 12	TRANSFER FROM LAKE RES.		999901	299 000.00		472 533.78-
26 12	OFF CALL		5601101	98 000.00		374 533.78-
27 12	TR. TO EAST INC.		603701		100 500.00	475 033.78-
30 12	OFF CALL		5601101	537 000.00		61 966.22
86						
6 1	REDEMPTION		5601201	340 000.00		
6 1	INTEREST		770101	2 415.42		
6 1	FIDUCIARY DEPOSIT		5601201		342 415.42	61 966.22
7 1	BANK CHARGES		640401		3.35	

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5601001	CSF INVESTMENTS LTD. (SUITE)					
7 1	PAYMENT TO R QUINTERO		600401		4 000 00	57 962 87
8 1	MANAGEMENT FEES 4TH QTR 85		640501		882 45	
8 1	TR TO JOSEPH HAMILTON		601101		125 000.00	67 919 58-
10 1	OFF CALL		5601101	63 000.00		4 919.58-
15 1	CHQ TO MAULE AIRCRAFT	993	600801		5 100.00	
15 1	TR TO TULIN SA		600901		10 000.00	20 019.58-
21 1	TR TO HOWARD RICE		601201		20 000 00	40 019.58-
22 1	OFF CALL		5601101	241 000.00		
22 1	INTEREST		770101	9 145.90		
22 1	TR TO SOUTHERN AIR TRANSPORT		600101		20 000 00	
22 1	TR TO AMALGAMATED COM. ENT	H	604101		230 000.00	39 873 68-
27 1	NEW FUNDS		5600001	400 000.00		
27 1	ON CALL		5601101		370 000 00	9 873 68-
30 1	BANK CHARGES		640401		3.49	
30 1	PMT TO R.QUINTERO		600401		4 000.00	13 877.17-
31 1	BANK CHARGES		640401		23.92	
31 1	OFF CALL		5601101	150 000 00		
31 1	INTEREST		770101	292 91		
31 1	TR TO AMALGAMATED COM. ENT		604101		150 000 00	13 608 18-
3 2	TR TO MAULE AIRCRAFT		600801		50 535 04	
3 2	TELEPHONE CHARGES		640301		9.96	
3 2	BANK CHARGES		640401		10.00	64 163.18-
6 2	REDEMPTION		5601201	342 415 42		
6 2	INTEREST		770101	2 358 86		
6 2	FIDUCIARY DEPOSIT		5601201		344 774.28	
6 2	TR TO SCITECH		601301		100 000 00	164 163.18-
7 2	INTEREST		770101	346 35		
7 2	TR TO A HAKIM		600201		165 000 00	
7 2	TR TO KOREL ASSETS		601401		165 000 00	493 816 83-
10 2	TRANSFER		5600001	650 000 00		156 183 17
11 2	ON CALL		5601101		600 000 00	
11 2	INTEREST		770101	168 06		443 648 77-
13 2	CHQ TO A GREEN		601501		35 000 00	478 648 77-
14 2	TR TO SOUTHERN AIR TRANSPORT		600101		270 000.00	748 648 77-
17 2	OFF CALL		5601101	280 000 00		468 648 77-
18 2	TEL. CHARGES		640301		100.00	

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5601001	CSF INVESTMENTS LTD.		(SUITE)			
18 2	BANK CHARGES		640401		50.00	
18 2	INTEREST		770101	1 096.18		467 702.59-
19 2	OFF CALL		5601101	35 000.00		
19 2	OFF CALL		5601101	15 000.00		
19 2	INTEREST		770101	103.12		
19 2	CASH WITHDRAWAL	994	600201		1 351.42	418 950.89-
20 2	BANK CHARGES		640401		10.00	
20 2	TR. TO EAST INC.		603701		20 000.00	438 960.89-
25 2	OFF CALL		5601101	490 000.00		
25 2	INTEREST		770101	541.46		
25 2	ADJ INT.	H	770101	20.00		51 600.57
26 2	BANK CHARGES		640401		7.50	
26 2	TR TO SHARP GREEN & LANK FORD		601701		1 670.50	
26 2	TR TO R. QUINTERO		600401		5 000.00	
26 2	TR. TO EAST INC.		603701		92 440.44	47 517.87-
27 2	TR TO SBS GVA		600601		222 000.00	
27 2	BANK CHARGES		640401		2.50	269 520.37-
28 2	PMT TO MAULE AIRCRAFT		600801		4 577.67	
28 2	TRANSFER TO GMC		5602001		79 000.00	353 098.04-
3 3	3 CHECKS TO J. MONTERO		601901		30 000.00	383 098.04-
4 3	TR TO J.R. MONTERO		601901		21 000.00	
4 3	BANK CHARGES		640401		15.00	404 113.04-
5 3	RD CHQ MONTERO		601901	30 000.00		374 113.04-
6 3	REDEMPTION		5601201	344 774.28		
6 3	INTEREST		770101	2 128.50		27 210.26-
25 3	CHQ R QUINTERO		600401		10 000.00	
25 3	BANK CHARGES		640401		3.64	37 213.90-
26 3	TRANSFER FROM GMC		5602001	37 213.90		0.00
	TRANSACT. & BALANCE			6 073 020.36	6 073 020.36	0.00

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FROM 01 01 84 TO 04 12 86

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5601101	****** CALL DEPOSIT - CSF INVESTMENTS LTD. US$					
18 11	ON CALL		5601001	80 000.00		80 000.00
85						
22 11	ON CALL		5601001	870 000.00		950 000.00
6 12	ON CALL		5601001	50 000.00		1 000 000.00
11 12	OFF CALL		5601001		60 000.00	940 000.00
13 12	OFF CALL		5601001		300 000.00	640 000.00
20 12	ON CALL		5601001	299 000.00		939 000.00
26 12	OFF CALL		5601001		98 000.00	841 000.00
30 12	OFF CALL		5601001		537 000.00	304 000.00
86						
10 1	OFF CALL		5601001		63 000.00	241 000.00
22 1	OFF CALL		5601001		241 000.00	0.00
27 1	ON CALL		5601001	370 000.00		370 000.00
31 1	OFF CALL		5601001		150 000.00	220 000.00
11 2	ON CALL		5601001	600 000.00		820 000.00
17 2	OFF CALL		5601001		280 000.00	540 000.00
19 2	OFF CALL		5601001		35 000.00	
19 2	OFF CALL		5601001		15 000.00	490 000.00
25 2	OFF CALL		5601001		490 000.00	0.00
	TRANSACT. & BALANCE			2 269 000.00	2 269 000.00	0.00

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FROM 01 01 84 TO 04 12 86

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A/C	NAME & DESCRIPTION		DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5601201	****** FID DEPOSIT - CSF INVESTMENTS LTD. US$						
6 12 86	FIDUCIARY DEPOSIT			5601001	340 000.00		340 000.00
6 1	REDEMPTION			5601001		340 000.00	
6 1	FIDUCIARY DEPOSIT			5601001	342 415.42		342 415.42
6 2	REDEMPTION			5601001		342 415.42	
6 2	FIDUCIARY DEPOSIT			5601001	344 774.28		344 774.28
6 3	REDEMPTION			5601001		344 774.28	0.00
	TRANSACT. & BALANCE	H	996		1 027 189.70	1 027 189.70	0.00

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FROM 01 01 84 TO 04 12 86

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5602001	****** GULF MARKETING CONS			US$		
18	2 FROM LAKE		5600001	5 000 000 00		
86					5 000 000.00	0 00
18	2 ON CALL		5602101			1 006 95
19	2 INTEREST		770201	1 006.95		
21	2 FROM LAKE		5600001	1 531 219 87		
21	2 FID DEPOSIT		5602201		1 200 000 00	
21	2 ON CALL		5602101		330 000 00	2 226 82
26	2 INTEREST		770201	7 380 90		9 607 72
28	2 TRANSFER TO GMC		5601001	79 000 00		
28	2 OFF CALL		5602101	250 000 00		
28	2 TO LAKE		5600001		250 000 00	88 607 72
5	3 FROM CALL		5602101	5 080 000 00		
5	3 TO LAKE (SAT)		5600001		50 000 00	
5	3 TO CSF (JRM)		601901		30 000 00	
5	3 BANK CHARGES		640401		25 00	
5	3 CASH WITHDRAWAL		999901		5 000 000 00	
5	3 INTEREST		770201	7 262 08		95 844 80
10	3 TO LAKE		5600001		100 000 00	4 155 20
17	3 ACE		604101		475 000 00	
17	3 BANK CHARGES		640401		26 60	479 181 80-
18	3 CIE SRV. FID CASH AH		600201		28 000 00	
18	3 BANK CHARGES		640401		420 00	
18	3 CSF INV CASH AH		600201		50 000 00	
18	3 BANK CHARGES		640401		750 00	558 351 80-
21	3 ACE		604101		29 000 00	
21	3 BANK CHARGES		640401		26 60	
21	3 SAT		600101		71 000 00	
21	3 BANK CHARGES		640401		7 98	658 386 38
25	3 KHALID RASHID		604701		31 817 00	
25	3 BANK CHARGES		640401		10 64	690 214 02-
26	3 TRANSFER FROM GMC		5601001		37 213 90	727 427 92-
27	3 DEBIT INTEREST		640401		1 241 22	728 669 14-
3	4 BANK CHARGES ON CSF TRANSFER		640401		6 10	
3	4 SAT		600101		400 000 00	

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A/C		NAME & DESCRIPTION	DOC	NO CONTRA	DEBIT	CREDIT	BALANCE
5602001		GULF MARKETING CONS		(SUITE)			
3	4	BANK CHARGES		640401		7 81	
3	4	CIE SERV FID R. QUINTERO		600401		28 000.00	
3	4	BANK CHARGES	998	640401		100.00	
3	4	BANK CHARGES		640401		7.81	1 156 790 86-
7	4	TR TO SBS GVA		600601		93 120.00	
7	4	BANK CHARGES		640401		2.60	1 249 913.46-
9	4	TOM LINNES REIMBT LOC. 300.- SFR		640201		154.04	
9	4	PMT SFR 300.- CASH	H	640201	150 00		
9	4	BANK CHARGES		640401		5 11	1 249 922.61-
10	4	TR TO SBS GVA		600601		136 137.00	
10	4	BANK CHARGES		640401		2.60	
10	4	CASH DEPOSIT		999901	248 750 00		
10	4	BANK CHARGES		640401	0.01		
10	4	BANK CHARGES		640401	0 01		1 137 312.19-
14	4	BANK CHARGES		640401		7.81	
14	4	EAST INC.		603701		30 000.00	
14	4	BANK CHARGES		640401		7.81	
14	4	SAT		600101		150 000 00	
14	4	BANK CHARGES		640401		7.81	
14	4	TRANSFER		999901		25 000.00	1 342 335 62-
15	4	CASH DEPOSIT		999901	199 000.00		1 143 335.62-
17	4	WITH. CASH - EXPENSES		640201		601.00	
17	4	BANK CHARGES		640401		5.30	1 143 941.92-
18	4	CSF REIMBT KHALID RASHID		604701	31 817 00		
18	4	BC REIMBT.		640401	10 64		1 112 114 28-
22	4	REIMBT DEFEX		999901	25 000 00		1 087 114.28-
14	5	TR FRM LAKE		5600001	15 000.00		1 072 114.28-
20	5	CSF INV. 1201		640101		2 500.00	1 074 614.28-
21	5	REIMBT FTD		5602201	1 200 000 00		
21	5	INTEREST		770201	21 879 17		
21	5	CSF INV. AH SUB A/C 1		600201		10 000 00	
21	5	BC RE TR TO ALBON		640401		900.00	136 364 89
23	5	FROM GULF MARKETING		5606001		119 100.00	17 264.89
16	6	CSF INVOICE NO 1236 (ACCTG)		640601		2 548 48	14 716 41
30	6	CLOSING ENTRIES		640401		15 221.81	505.40-
17	9	TO GULF		5607001	1 000.00		494 60

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 3

A/C. NAME & DESCRIPTION

DOC NO CONTRA

(SUITE)

DEBIT CREDIT BALANCE

5602001 GULF MARKETING CONS.

999 H

TRANSACT. & BALANCE

13 698 476 63 13 697 982.03 494 60

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5602101	****** CALL DEPOSIT - GULF MARKETING	US$				
18 2	ON CALL		5602001	5 000 000.00		5 000 000.00
86						
21 2	ON CALL		5602001	330 000.00		5 330 000.00
28 2	OFF CALL		5602001		250 000.00	5 080 000.00
5 3	FROM CALL		5602001		5 080 000.00	0.00
	TRANSACT. & BALANCE			5 330 000.00	5 330 000.00	0.00

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5602201	****** FID. DEPOSIT - GULF MARKETING	US$				
21 86	2 FID DEPOSIT	H 0001	5602001	1 200 000.00		1 200 000.00
21	5 REIMBT FTD		5602001		1 200 000.00	0.00
	TRANSACT. & BALANCE			1 200 000.00	1 200 000.00	0.00

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5603001	****** DOLMY BUSINESS	US$				
1 5	ARNE HERUP AND DBI DKR 250000.--	603901			31 098.40	
86						
1 5	BANK CHARGES	640401			8.13	
1 5	CIE SERV. FID. INV. 1164 + 1190	*			6 406.56	
1 5	TRANSFER TO DOLMY	5606001		40 000.00		2 486.91
7 5	ARNE HERUP AND DBI DKR 2366558.--	603901			290 464.31	
7 5	BANK CHARGES	640401			8.16	
7 5	CIE SERV. FID. SA CHARTERING APS	603901			8 000.00	
7 5	BANK CHARGES	640401			18.38	
7 5	RETRAIT CASH CAPTAIN ARNE HERUP	603901			5 000.00	301 003.94-
12 5	FROM ALBON	5606001		307 500.00		6 496.06
20 5	CSF INV. 116125DM+5806.25 AT 2.19	890301	116 125.00-		52 904.90	46 408.84-
21 5	RETRAIT CASH CAPTAINE ARNE HERUP	603901			5 012.00	
21 5	BANK CHARGES	640401			13.00	51 433.84-
22 5	FROM ALBON	5606001		50 000.00		1 433.84-
23 5	ACOMARIT SERV. MARITIME	603901			20 000.00	
23 5	BANK CHARGES	640401			3.73	21 437.57-
26 5	FROM ALBON	5606001		25 000.00		3 562.43
5 6	CHECK TO ARNE HERUP	603901			3 125.00	
5 6	SALARY CHIEF MATE AND COOK	603901			5 500.00	
5 6	FROM HYDE PARK	5608001		50 000.00		
5 6	BANK CHARGES	640401			8.02	44 929.41
6 6	BANK CHARGES	640401			3.85	44 925.56
13 6	COMPTE NO 3477 LIT 1930000	603901			1 293.74	
13 6	BANK CHARGES	640401			8.24	43 623.58
26 6	SA CHARTERING APS	603901			6 425.60	
26 6	BANK CHARGES	640401			8.02	37 189.96
30 6	SA CHARTERING APS	603901			3 454.25	
30 6	BANK CHARGES	640401			8.02	
30 6	CLOSING ENTRIES	640401			489.29	33 238.40
1 7	SA CHARTERING APS	603901			247.03	
1 7	BANK CHARGES	640401			5.67	32 985.70
4 7	CLOSING DM ACCT	890301	73.36-		33.88	32 951.82
7 7	BANK CHARGES	640401			5.76	32 946.06

H 1003

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5603001	DOLMY BUSINESS		(SUITE)			
8 7	SA CHARTERING APS		603901		15 500.00	
8 7	BANK CHARGES		640401		8.20	17 437.86
9 7	CHQ ARNE HERUP		603901		3 125.00	
9 7	127555-5 WAGES CREW		603901		5 900.00	
9 7	BANK CHARGES		640401		8.20	8 404.66
10 7	FROM HYDE PARK		5608001	5 000.00		
10 7	ARNE HERUP RE INCENTIVE		603901		5 000.00	
10 7	ARNE HERUP WAGES MAY-JUNE		603901		6 250.00	2 154.66
14 7	SA CHARTERING APS		603901		1 460.00	
14 7	BANK CHARGES		640401		16.39	678.27
15 7	CSF GUARANTEE 500'000 - DKR		5800001		70 000.00	
15 7	TO DOLMY		5608001	70 000.00		678.27
16 7	SA CHARTERING APS		603901		5 430.00	
16 7	TO DOLMY		5608001	5 000.00		
16 7	BANK CHARGES		640401		8.20	240.07
23 7	TO DOLMY		5606001	50 000.00		
23 7	SA CHARTERING APS		603901		4 444.00	
23 7	CSF DKR 32'000 - REMBT PSM		603901		4 176.47	
23 7	BANK CHARGES		640401		8.20	41 611.40
25 7	CHQ ARNE HERUP		603901		3 125.00	
25 7	BANK CHARGES		640401		5.75	38 480.65
28 7	SA CHARTERING APS		603901		16 000.00	
28 7	BANK CHARGES		640401		8.20	22 472.45
31 7	WAGES SHIP CREW		603901		7 100.00	
31 7	BANK CHARGES		640401		8.20	
31 7	ARNE HERUP		603901		3 125.00	12 239.25
21 8	TO DOLMY		5606001	40 000.00		
21 8	SA CHARTERING APS		603901		16 800.00	
21 8	BANK CHARGES		640401		8.93	35 430.32
22 8	ARNE HERUP		603901		6 250.00	
22 8	BANK CHARGES		640401		5.95	29 174.37
25 8	CHQ ARNE HERUP		603901		6 250.00	
25 8	127555-5 REF WAGES		603901		7 100.00	
25 8	BANK CHARGES		640401		8.93	15 815.44
28 8	SA CHARTERING APS		603901		15 000.00	
28 8	BANK CHARGES		640401		2.38	813.06

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5603001	DOLMY BUSINESS		(SUITE)			
3 9	TO DOLMY	5607001		50 000 00		50 813 06
24 9	BANK CHARGES	640401			6 12	50 806 94
26 9	ARNE HERUP - A/C WITH CREDIT SUI	603901			3 125 00	
26 9	SHIP WAGES - 127555-5	603901			7 100 00	
26 9	BANK CHARGES	640401			9 09	
26 9	ARNE HERUP	603901			3 125.00	37 447 85
27 9	SA CHARTERING APS	603901			13 340.00	
27 9	BANK CHARGES	640401			9.09	24 098 76
15 10	SA CHARTERING APS	603901			20 000.00	
15 10	BANK CHARGES	640401			9 09	4 089 67
24 10	BANK CHARGES	640401			6.04	4 083 63
27 10	BANK CHARGES	640401			2.42	4 081 21
28 10	TRANSFER TO DOLMY	5608001		10 000 00		
28 10	ARNE HERUP	603901			3 125 00	
28 10	ARNE HERUP CHECK	603901			3 125 00	
28 10	127555-5 OCTOBER	603901			7 100.00	731 21
7 11	REIMBT SERFID SFR 60 LEGAL FEES	640601			35.50	695 71
25 11	BANK CHARGES	640401			6.02	689 69
27 11	ARNE HERUP	603901			3 125.00	
27 11	127555-5	603901			7 100.00	
27 11	CHECK ARNE HERUP	603901			3 125.00	12 660 31-
28 11	TRANSFER TO DOLMY	5608001		15 000.00		
28 11	BANK CHARGES	640401			9.04	2 330.65
	TRANSACT. & BALANCE			116 198.36- 717 500 00	715 169.35	2 330 65

H 1004

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5603003	****** DOLMY BUSINESS		D.M				
20 86	5 INSURANCE MANTERS HORNER		603903			110 318.75	
20	5 BANK CHARGES		640403			18.02	110 336.77-
21	5 CHANGE & DM FFR CSF INV.		890103	50 259.50+	110 318.75		18.02-
30	6 CLOSING ENTRIES		640403			55.34	73.36-
4	7 CLOSING DM ACCT		890103	33.88+	73.36		0.00
	TRANSACT. & BALANCE			50 293 38+	110 392 11	110 392 11	0.00

H 1005

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5603101	****** CALL DEPOSIT - DOLMY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5603201	****** FID DEPOSIT - DOLMY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

H 1007

4203 ALBERT HAKIM
LEDGER FROM 01 01 86 TO 04 12 86

86 12 10 PAGE: 1

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001		****** ENERGY RESOURCES - CREDIT SUISSE US$					
25	2	CASH WITHDRAWAL	999901			15 000 00	15 000 00-
21	12	TR FROM BANCAMERICA INT.	700001		425 000 00		410 000 00
28	12	TR TO TRANSWORLD ARMS	602701			414 037 00	
28	12	BANK CHARGES	640401			6.00	4 043.00-
85							
7	1	TRANSFER FROM AMERICAN EXPRESS	700001		96 450 00		92 407.00
16	1	TRANSFER TO TRANSWORLD ARMS	602701			90 000.00	
16	1	BANK CHARGES	640401			5.88	
16	1	TR FROM AMERICAN EXPRESS	700001		337 000.00		339 401.12
17	1	TRANSFER FROM SBS ZURICH	700001		326 543 50		665 944 62
22	1	TRANSFER TO TRANSWORLD ARMS	602701			400 000 00	
22	1	BANK CHARGES	640401			5.88	265 938.74
29	1	TRANSFER FROM AMERICAN EXPRESS	700001		138 000 00		403 938 74
31	1	ON CALL	5604101			275 000 00	128 938 74
18	2	CASH WITHDRAWAL	600201			5 000 00	
18	2	AGIO	640401			21.52	123 917 22
19	2	ON CALL	5604101			90 000 00	33 917 22
20	2	CASH WITHDRAWAL	600301			22 000 00	
20	2	CASH WITHDRAWAL	600201			20 000 00	
20	2	AGIO	640401			135.68	8 218 46-
23	2	INTEREST	770001		1 429 00		
23	2	ADJ INT	770401		0 59		6 788 87-
25	2	AGIO	640401			92.53	
25	2	BUSINESS EXPENSES	640201			3 506 00	
25	2	CASH WITHDRAWAL	600201			2 000 00	
25	2	AGIO	640401			10.00	12 397 40-
28	2	OFF CALL	5604101		50 000 00		
28	2	CHQ TO STTGI	602001			8 000.00	
28	2	BANK CHARGES	640401			11 52	29 591 08
5	3	TR FROM BARCLAYS BANK MIAMI	700001		1 199 923 54		1 229 514 62
6	3	TR TO SOUTHERN AIR TRANSPORT	600101			121 825 00	
6	3	BANK CHARGES	640401			5 21	1 107 684 41
7	3	TR TO SBS GVA	600601			353 600 00	
7	3	BANK CHARGES	640401			1.74	754 082 67

H 1008

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A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS		(SUITE)			
8	3 ON CALL		5604101		500 000.00	254 082.67
11	3 BANK CHARGES		640401		5.21	
11	3 TR. TO BCO PORTUGUES		603401		415 649.00	161 571.54-
12	3 OFF CALL		5604101	200 000.00		38 428.46
14	3 TR FROM BARCLAYS BANK. MIAMI	H 1009	700001	499 909.89		538 338.35
19	3 ON CALL		5604101		235 000.00	
19	3 TR TO TRANSWORLD ARMS		602701		600 000.00	
19	3 BANK CHARGES		640401		5.21	296 666.86-
20	3 CASH WITHDRAWAL		600201		3 000.00	
20	3 CASH WITHDRAWAL		602001		3 000.00	
20	3 CASH WITHDRAWAL RVS		640201		5 000.00	
20	3 AGIO		640401		88.80	
20	3 OFF CALL		5604101	300 000.00		7 755.66-
22	3 TR FRM BCO PORTUGES		602901	1 069.43		6 686.23-
25	3 CASH WITHDRAWAL		600201		3 000.00	
25	3 AGIO		640401		15.00	9 701.23-
26	3 INTEREST		770401	3 457.35		6 243.88-
27	3 OFF CALL		5604101	50 000.00		43 756.12
29	3 TR FRM BARCLAYS BANK. GENEVA		700001	2 999 922.03		3 043 678.15
31	3 CLOSING ENTRIES		640401		188.77	3 043 489.38
2	4 CASH WITHDRAWAL		600201		5 000.00	
2	4 AGIO		640401		25.00	3 038 464.38
3	4 BANK CHARGES		640401		25.62	
3	4 TR TO SBS GVA		600601		300 000.00	
3	4 BANK CHARGES		640401		1.87	
3	4 TR TO BARCLAYS BK CALIF		600201		10 000.00	
3	4 BANK CHARGES		640401		100.00	
3	4 CASH WITHDRAWAL		600301		7 000.00	
3	4 AGIO		640401		35.00	
3	4 TRANSFER		999901		20 000.00	2 701 301.89
4	4 ON CALL		5604101		2 700 000.00	1 301.89
9	4 TR TO BANK OF AMERICA		600201		12 800.00	
9	4 BANK CHARGES		640401		100.00	11 598.11-
10	4 OFF CALL		5604101	150 000.00		
10	4 CHQ TO R. QUINTERO		600401		5 000.00	
10	4 CHQ TO STTGI		602001		30 000.00	

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS (SUITE)					
10 4	CHQ TO TRANS WORLD	602901			67 444.69	
10 4	CHQ TO THOMAS GREEN	601501			45 000.00	
10 4	BANK CHARGES	640401			210 93	
10 4	TR FROM BARCLAYS BANK MIAMI	700001		1 999 903 77		1 990 650 04
12 4	PMT INV CIE DE SERV. FID	640601			18 000.00	
12 4	TR TO R SECORD	600301			101 926 78	
12 4	TR TO R. SECORD	600301			118 336 00	
12 4	ON CALL	5604101			1 700 000.00	52 387.26
16 4	TR TO ALBERT HAKIM	600201			50 000.00	
16 4	BANK CHARGES	640401			5 62	
16 4	TR TO LEE YUN	603001			3 000 00	
16 4	BANK CHARGES	640401			11 24	
16 4	OFF CALL	5604101		50 000.00		
16 4	ADJ BC	640401			40.00	
16 4	TRANSFER	999901			20 000.00	29 330.40
17 4	TR TO SBS GVA	600601			150 000 00	
17 4	OFF CALL	5604101		200 000 00		79 330 40
18 4	TR TO STTGI	602001			8 500 00	
18 4	BANK CHARGES	640401			15 00	
18 4	TR TO R GOODING	603101			37 050 00	
18 4	BANK CHARGES	640401			5.62	35 779 78
19 4	AGIO	640401			75 00	
19 4	CASH ADVANCE	999901			15 000 00	18 704 78
23 4	TR FROM BARCLAYS BANK	700001		1 999 906.12		
23 4	TRANSFER	5605001			1 560 000 00	
23 4	BANK CHARGES	640401			1 87	
23 4	OFF CALL	5604101		1 550 000 00		1 208 609 03
24 4	ON CALL	5604101			1 200 000 00	8 609 03
25 4	INTEREST	770401		18 869 09		
25 4	BANK CHARGES	640401			5 62	
25 4	CHQ K PHILLIPS	602701			5 000 00	
25 4	CHQ GAR INC	603301			1 000 00	
25 4	CHQ R QUINTERO	600401			4 000 00	
25 4	BANK CHARGES	640401			55 62	
25 4	CHECK REMITTANCE	5605001			10 000.00	
25 4	BANK CHARGES	640401			2.71	

H 1010

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS (SUITE)					
25 4	TR TO DEFEX		603201		21 907.00	14 492 83-
29 4	OFF CALL		5604101	50 000.00		
29 4	CASH WITHDRAWAL		600201		7 000.00	
29 4	AGIO		640401		35.00	28 472.17
2 5	TR FROM BARCLAYS BANK		700001	246 402.29		274 874 46
3 5	PMT SAFE SBS SFR 550.--		640401		210.33	274 664 13
6 5	OFF CALL		5604101	2 500 000.00		
6 5	BANK CHARGES		640401		5.77	
6 5	CASH WITHDRAWAL		600301		5 000.00	
6 5	CASH WITHDRAWAL		600201		3 000.00	
6 5	AGIO		640401		40.00	
6 5	TR TO BCO PORTUGUES		600601		2 491 700.00	274 918.36
7 5	ON CALL		5604101		250 000 00	
7 5	BANK CHARGES		640401		5.57	
7 5	TR TO CS PARIS		999901		116 000.00	91 087.21-
8 5	OFF CALL		5604101	60 000.00		
8 5	BANK CHARGES		640401		5.77	
8 5	TR TO BCO PORTUGUES		600601		60 000 00	91 092 98-
9 5	TR TO BCO PORTUGUES		603401		24 000 00	
9 5	BANK CHARGES		640401		5 77	
9 5	EXPENSES PAID BY STTGI		603501		503.00	
9 5	EXPENSES PAID BY STTGI		603601		410.00	
9 5	EXPENSES PAID BY STTGI		600401		2 840 48	
9 5	TRANSFER TO STTGI		602001		25 000.00	
9 5	BANK CHARGES		640401		10 00	
9 5	OFF CALL		5604101	140 000.00		
9 5	ADJ. BC		640401		5.77	3 868 00-
10 5	TRAVEL EXPENSES		640201		241.33	4 109 33-
13 5	OFF CALL		5604101	1 650 000 00		
13 5	ON CALL		5604101		1 650 000.00	
13 5	INTEREST		770401	11 589 59		7 480 26
15 5	OFF CALL		5604101	150 000 00		
15 5	INTEREST		770401	676 05		156 156 31
16 5	TR FROM BCO PORTUGUES		603401	4 906.88		163 063.19
17 5	BANK CHARGES		640401		5.77	
17 5	ADJ. BC		640401		20.00	

H 1011

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS (SUITE)					
17 5	TR TO FIRST AMERICAN BK	999701			90 000.00	75 037.42
21 5	TR TO CIE DE SERV. FID. SA RE LO	600201			250 000.00	
21 5	BANK CHARGES	640401			5.77	
21 5	TR FROM BARCLAYS BANK	700001		80 201.32		
21 5	OFF CALL	5604101		250 000.00		153 232.97
22 5	CHQ R QUINTERO	600401			15 277.80	
22 5	BANK CHARGES	640401			17.97	
22 5	INTEREST	770401		2 099.83		140 037.03
24 5	ON CALL	5604101			100 000.00	
24 5	PMT INV CIE DE SERV FID	640601			500.00	
24 5	PMT INV LOZE & KAISER	640601			2 000.00	
24 5	PMT INV HOTEL INTERCON SFR 578	600201			224.12	37 312.91
29 5	INTEREST	770401		1 830.73		39 143.64
30 5	OFF CALL	5604101		100 000.00		
30 5	TR TO BANK OF KOREA	603001			50 000.00	
30 5	BANK CHARGES	640401			11.54	
30 5	TR TO ROYAL BANK OF CANADA	602701			8 000.00	
30 5	BANK CHARGES	640401			5.77	
30 5	TR TO BCO PORTUGUES	603201			57 500.00	
30 5	BANK CHARGES	640401			5.77	23 620.56
31 5	TR FROM BARCLAYS BANK	700001		299 848.06		323 468.62
4 6	ON CALL	5604101			300 000.00	23 468.62
5 6	ON CALL	770401		1 805.55		25 274.17
6 6	CHQ RBT COSTS RVS	600101		4 768.20		
6 6	BANK CHARGES	640401			3.08	30 039.29
7 6	TR TO A HAKIM	600201			30 000.00	
7 6	BANK CHARGES	640401			5.77	
7 6	BANK CHARGES	640401			15.00	18.52
10 6	TR TO BK OF KOREA	603801			5 000.00	
10 6	BANK CHARGES	640401			11.54	4 993.02-
12 6	INTEREST	770401		7 109.73		2 116.71
17 6	FUNDS RETURNED UNPAID	603001		50 000.00		
17 6	BANK CHARGES	640401			20.00	47 096.71
18 6	TR TO BK OF KOREA	603801			45 000.00	
18 6	BANK CHARGES	640401			11.54	
18 6	TR TO STTGI	602001			40 000.00	

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS (SUITE)					
18 6	BANK CHARGES		640401		5 77	
18 6	BANK CHARGES		640401		95.00	38 015.60-
19 6	OFF CALL		5604101	50 000 00		
19 6	INTEREST		770401	2 109 73		14 094.13
20 6	BANK CHARGES		640401		10.00	14 084.13
26 6	INTEREST		770401	1 916.67		16 000.80
30 6	CLOSING ENTRIES		640401		125.84	15 874.96
3 7	BANK CHARGES		640401		5.91	
3 7	INTEREST		770401	2 062.50		
3 7	BANK CHARGES		640401		20.00	
3 7	CASH WITHDRAWAL		600201		420.17	
3 7	CASH WITHDRAWAL		600301		210.08	
3 7	TR TO FIRST AMERICAN BK.		999901		25 000.00	7 718 70-
5 7	TR TO AH THRU RNB		600201		20 050.00	
5 7	BANK CHARGES		640401		5.91	
5 7	TR FRM BARCLAYS BANK		700001	549 918.65		522 144.04
10 7	TR TO K. PHILLIPS		602201		4 000.00	
10 7	BANK CHARGES		640401		25.91	
10 7	INTEREST		770401	2 078.13		520 196.26
11 7	ON CALL		5604101		350 000.00	
11 7	TR TO BCO PORTUGUES		603201		145 352.00	
11 7	BANK CHARGES		640401		5.91	24 838.35
15 7	TR TO STTGI THRU RNB		602001		20 100.00	
15 7	CASH WITHDRAWAL		600201		20 300.00	
15 7	BANK CHARGES		640401		5.91	
15 7	OFF CALL		5604101	50 000.00		34 432.44
16 7	CHQ R. QUINTERO		600401		7 819.00	
16 7	BANK CHARGES		640401		2.94	
16 7	WITHDRAWAL US$ NOTES AH		600201		2 500.00	
16 7	WITHDRAWAL US$ NOTES RVS		600301		2 500.00	
16 7	BANK CHARGES		640401		2 15	
16 7	WITHDRAWAL US$ NOTES RQ		600401		50 000 00	
16 7	WITHDRAWAL US$ NOTES		999901		206 090 35	234 482 00-
17 7	INTEREST		770401	2 473 96		232 008 04-
18 7	OFF CALL		5604101	250 000 00		
18 7	TR FRM SBS GENEVA		700601	950 000 00		

H 1013

H 1014

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5604001		ENERGY RESOURCES - CREDIT SUISS		(SUITE)			
18	7	BANK CHARGES		640401		85 11	967 906.85
19	7	PMT INV CIE DE SERV. FID		640601		8 000 00	
19	7	CASH WITHDRAWAL		600301		7 000.00	
19	7	BANK CHARGES		640401		35 00	
19	7	TRANSFER TO SBS GVA		600601		200 000 00	
19	7	TRANSFER TO SBS GVA		640401		1.97	752 869.88
22	7	TR TO LOS GATOS		600201		75 000.00	
22	7	BANK CHARGES		640401		5.91	677 863 97
23	7	TR TO UBS FRIBOURG		603201		580 853.21	
23	7	BANK CHARGES		640401		1.97	97 008.79
24	7	OFF CALL		5604101	720 000.00		
24	7	TR TO UBS FRIBOURG		603201		1 392 474.84	
24	7	BANK CHARGES		640401		1.97	
24	7	INTEREST		770401	2 196.87		573 271.15-
31	7	INTEREST		770401	1 175.83		572 095.32-
2	8	OFF CALL		5604101	575 000.00		2 904 68
7	8	INTEREST		770401	591 07		3 495 75
14	8	INTEREST		770401	357.71		3 853 46
16	8	CASH WITHDRAWAL		600201		2 943 46	
16	8	BANK CHARGES		640401		12 50	897 50
21	8	INTEREST		770401	353.28		1 250 78
28	8	INTEREST		770401	353.28		1 604 06
3	9	TR FOR STTGI		602001	25 920.55		27 524.61
4	9	INTEREST		770401	353.28		27 877 89
6	9	PMT INV. HOTEL INTERCON.		640201		2 932 33	24 945.56
11	9	INTEREST		770401	362.14		25 307 70
17	9	TRANSFER		5600001		279 945.56	
17	9	OFF CALL		5604101	255 000 00		
17	9	INTEREST		770401	313 44		675.58
30	9	TR TO ENERGY		5600001	984 12		
30	9	CLOSING ENTRIES		640401		1 659.70	0 00
		TRANSACT. & BALANCE			20 847 143 75	20 847 143 75	0 00

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5604101	****** CALL DEPOSIT - ENERGY RESOURCES US$					
31 1	ON CALL	5604001		275 000.00		275 000.00
85						
19 2	ON CALL	5604001		90 000.00		365 000.00
28 2	OFF CALL	5604001			50 000.00	315 000.00
8 3	ON CALL	5604001		500 000.00		815 000.00
12 3	OFF CALL	5604001			200 000.00	615 000.00
19 3	ON CALL	5604001		235 000.00		850 000.00
20 3	OFF CALL	5604001			300 000.00	550 000.00
27 3	OFF CALL	5604001			50 000.00	500 000.00
4 4	ON CALL	5604001		2 700 000.00		3 200 000.00
10 4	OFF CALL	5604001			150 000.00	3 050 000.00
12 4	ON CALL	5604001		1 700 000.00		4 750 000.00
16 4	OFF CALL	5604001			50 000.00	4 700 000.00
17 4	OFF CALL	5604001			200 000.00	4 500 000.00
23 4	OFF CALL	5604001			1 550 000.00	2 950 000.00
24 4	ON CALL	5604001		1 200 000.00		4 150 000.00
29 4	OFF CALL	5604001			50 000.00	4 100 000.00
6 5	OFF CALL	5604001			2 500 000.00	1 600 000.00
7 5	ON CALL	5604001		250 000.00		1 850 000.00
8 5	OFF CALL	5604001			60 000.00	1 790 000.00
9 5	OFF CALL	5604001			140 000.00	1 650 000.00
13 5	OFF CALL	5604001			1 650 000.00	
13 5	ON CALL	5604001		1 650 000.00		1 650 000.00
15 5	OFF CALL	5604001			150 000.00	1 500 000.00
21 5	OFF CALL	5604001			250 000.00	1 250 000.00
24 5	ON CALL	5604001		100 000.00		1 350 000.00
30 5	OFF CALL	5604001			100 000.00	1 250 000.00
4 6	ON CALL	5604001		300 000.00		1 550 000.00
19 6	OFF CALL	5604001			50 000.00	1 500 000.00
11 7	ON CALL	5604001		350 000.00		1 850 000.00
15 7	OFF CALL	5604001			50 000.00	1 800 000.00
18 7	OFF CALL	5604001			250 000.00	1 550 000.00
24 7	OFF CALL	5604001			720 000.00	830 000.00
2 8	OFF CALL	5604001			575 000.00	255 000.00

H 1015

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5604101	CALL DEPOSIT - ENERGY RESOURCES		(SUITE)			
17 9	OFF CALL		5604001		255 000.00	0 00
	TRANSACT. & BALANCE			9 350 000.00	9 350 000.00	0.00

H 1016

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5605001	****** ENERGY RESOURCES - S B S		US$			
23 4	TRANSFER		5604001	1 560 000.00		1 560 000.00
85						
25 4	CHECK REMITTANCE		5604001	10 000 00		1 570 000 00
24 5	TRANSFER		600601		10 000.00	1 560 000 00
25 5	TRANSFER		600501		1 556 400 00	3 600 00
18 10	TR. FROM ENERGY SBS	H 1017	5600001		3 394 58	205 42
25 10	TR. FROM ENERGY SBS		5600001		200.00	
25 10	BANK CHARGES		640401		5.42	0.00
	TRANSACT & BALANCE			1 570 000.00	1 570 000.00	0.00

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5606001	****** ALBON VALUES	US$				
5 3 86	TO CALL		5606101		3 000 000.00	3 000 000 00-
6	3 AGIOS		640401		15 000.00	
6	3 DEPOSIT (5605830.- SFR)		999901	3 000 000 00		15 000 00-
13	3 INTEREST		770601	4 583.34		10 416.66-
27	3 DEBIT INTEREST		640401		965.50	11 382.16-
16	4 INTEREST		770601	18 770.83		7 388 67
17	4 CIE SER. FID. INV. 9549 SFR 5000		640101		2 673.80	
17	4 DEFEX		603201		161 000.00	
17	4 BANK CHARGES		640401		2.60	
17	4 SFR 136734 90 AH		600201		72 580.00	
17	4 BANK CHARGES		640401		364.72	
17	4 TRANSFER TO HYDE PARK SQUARE		5608001		199 000.00	
17	4 BANK CHARGES		640401		1 000.00	
17	4 FROM CALL		5606101	720 000.00		
17	4 INTEREST		770601	500 00		
17	4 CSF INV LTD		600201		15 000 00	
17	4 BANK CHARGES		640401		75.00	
17	4 CSF INV LTD WITH CASH		999901		450 000.00	
17	4 BANK CHARGES		640401		120.03	173 927 48-
18	4 ACE		604101		57 022 03	
18	4 BANK CHARGES		640401		26.04	230 975 55-
21	4 TDB GENEVE STC		600601		20 000.00	250 975 55-
22	4 FROM CALL		5606101	275 000 00		
22	4 INTEREST		770601	1 900 00		25 924 45
28	4 MENO EYTAN		604201		185 000.00	
28	4 BANK CHARGES		640401		2 60	
28	4 FROM CALL		5606101	225 000 00		
28	4 CIE SERV FID. CHQ RVS		600301		28 111.00	
28	4 CIE SERV FID BANK CHARGES		640401		39.00	
28	4 BANK CHARGES		640401		7 81	
28	4 CASH PASSEPORT USA		600201		4 975 00	
28	4 AGIOS		640401		25.00	
28	4 INTEREST		770601	2 005 00		34 769 04

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A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5606001		ALBON VALUES		(SUITE)			
29	4	CHECK QUINTERO	600401			5 000.00	
29	4	BANK CHARGES	640401			3.89	29 765.15
30	4	ARTNO JOSE CRUZ PORRAZ	604301			7 000.00	
30	4	BANK CHARGES	640401			15.63	
30	4	COMMERCIAL TULIN	600901			10 000.00	
30	4	BANK CHARGES	640401			15.63	12 733.89
1	5	TRANSFER TO DOLMY	5603001			40 000.00	
1	5	BANK CHARGES	640401			200.00	
1	5	GOULDENS CLIENT	604401			110 000.00	
1	5	BANK CHARGES	640401			8.38	
1	5	CASH ERIC ZUCKER	640201			500.00	137 974.49-
2	5	BANK CHARGES	640401			8.12	
2	5	TRANSFER	999901			2 274.80	140 257.41-
5	5	NORTH TRUST BANK MOTAOLA INC	604501			100 000.00	
5	5	BANK CHARGES	640401			8.38	
5	5	CIE SERV. FID. STTGI	602001			15 000.00	
5	5	CIE SERV. FID. BANK CHARGES	640401			200.00	255 465.79-
6	5	FROM CALL	5606101		180 000.00		
6	5	INTEREST	770601		2 373.33		73 092.46-
7	5	FROM CALL	5606101		100 000.00		
7	5	BANK CHARGES	640401			1 545.23	
7	5	INTEREST	770601		266.67		25 628.98
12	5	FROM ALBON	5603001			307 500.00	
12	5	FROM CALL	5606101		300 000.00		
12	5	INTEREST	770601		1 250.00		19 378.98
13	5	RE TRIP OF 05/13/86	640201			3 000.00	
13	5	BANK CHARGES	640401			15.00	
13	5	RE TRIP OF 05/13/86	640201			2 793.30	
13	5	CIE SERV. FID.	640301			500.00	13 070.68
14	5	TDB CODELIS	604601			101 500.00	88 429.32-
15	5	FROM CALL	5606101		120 000.00		
15	5	CASH GEN. EXP. RUS/AH	640201			2 777.78	
15	5	BILL / GREG / AVC	640201			30 150.00	
15	5	INTEREST	770601		600.00		757.10-
16	5	TRI AMERICAN ARMS	604001			150 000.00	
16	5	BANK CHARGES	640401			8.38	150 765.48-

H 1019

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5606001	ALBON VALUES		(SUITE)			
20 5	CIE SERV. FID				61 813.00	
20 5	TRANSFER TO UDALL		5609001		350 000 00	
20 5	TRANSFER TO HYDE PARK		5608001		50 000.00	
20 5	TRANSFER TO TOYCO		5607001		50 000 00	
20 5	FROM CALL	H 1020	5606101	550 000.00		
20 5	BANK CHARGES		640401		8.38	
20 5	TRANSFER		999901		26 490.00	139 076.86-
21 5	SAT RE FUEL		600101		40 000.00	
21 5	BANK CHARGES		640401		2.23	
21 5	SAT RE JET STAR		600101		50 000.00	
21 5	BANK CHARGES		640401		2 23	
21 5	SAT RE L100		600101		55 000.00	
21 5	BANK CHARGES		640401		2.23	
21 5	FROM CALL		5606101	200 000.00		
21 5	INTEREST		770601	988 33		83 095 22-
22 5	FROM ALBON		5603001		50 000 00	
22 5	FROM CALL		5606101	50 000 00		
22 5	INTEREST		770601	55.00		83 040 22-
23 5	FROM GULF MARKETING		5602001	119 100 00		36 059 78
26 5	FROM ALBON		5603001		25 000 00	11 059 78
28 5	RT CALL		5606101	280 000 00		
28 5	TO CALL		5606101		250 000 00	
28 5	INTEREST		770601	280 00		41 339.78
2 6	TR TO TOYCO		5607001		263 891.00	222 551 22-
4 6	OFF CALL		5606101	250 000 00		
4 6	BANK CHARGES		640401		16 04	
4 6	BANK CHARGES		640401		16 04	
4 6	BANK CHARGES		640401		3 76	
4 6	INTEREST		770601	291 66		27 704 60
6 6	COMMERCIAL TULIN		600901		10 000 00	
6 6	ARTURO JOSE CRUZ TORRAS		604301		7 000 00	
6 6	CHECK RAFALL QUINTERO		600401		5 000 00	5 704 60
7 6	KLINIC BUCHINGER DM 5000 -		640201		2 294 10	
7 6	BANK CHARGES		640401		8 40	3 402 10
18 6	TAA		602701		200 000.00	
18 6	TRANSFER HYDE TO ALBON		5608001	3 350 000 00		

.203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

M/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5606001		ALBON VALUES		(SUITE)			
18	6	TRANSFER ALBON TO TOYCO	5607001			3 000 000 00	
18	6	DEPOSIT AT 18/07/86	5606201			100 000 00	
18	6	CIE SERV. FID. MONTERO	601901			48 524 83	
18	6	BANK CHARGES	640401			8 02	
18	6	BANK CHARGES	640401			8.02	4 861 23
20	6	SAT	600101			25 000.00	
20	6	FROM HYDE PARK	5608001		30 000.00		
20	6	BANK CHARGES	640401			8.02	
20	6	RETURN PMT TAA 180686	602701		200 000.00		209 853 21
30	6	CLOSING ENTRIES	640401			1 375.40	208 477 81
1	7	CSF CASH WITHDR RE ERIC ZUCKER	640201			1 000 00	
1	7	CHQ 10'000 DM BUCHINGER PAT.	*			4 610 63	202 867 18
2	7	RBT CHQ BUCHINGER PAT.	*		4 610 63		207 477 81
9	7	BUCHINGER PAT. DM 6000.-	640201			2 778 29	204 699 52
14	7	TO ALBON	5608001		70 000.00		
14	7	ON CALL	5606101			270 000 00	4 699 52
18	7	REIMBT FTD	5606201		100 000 00		
18	7	INTEREST	770601		520 83		
18	7	FTD 08/18/86 @ 6 25%	5606201			100 000 00	
18	7	INTEREST	770601		495.13		5 715 48
22	7	ON CALL	5606101			150 000 00	
22	7	FROM HYDE PARK	5608001		150 000 00		
22	7	TOM GREEN	605301			50 000.00	
22	7	INTEREST	770601		253.13		
22	7	BANK CHARGES	640401			5 88	44 037 27-
23	7	TO DOLMY	5603001			50 000 00	
23	7	TO HYDE PARK	5608001			50 000.00	
23	7	INTEREST	770601		65 63		143 971 64-
24	7	OFF CALL	5606101		420 000 00		
24	7	INTEREST	770601		90 00		
24	7	HOTEL INTERCONTINENTAL	640701			7 052 88	
24	7	EAST INC	603701			87 860 38	
24	7	JANIS, SCHUELKE, AND WECHSLER	640601			10 000 00	
24	7	INTEREST	770601		50 00		
24	7	BANK CHARGES	640401			2 94	
24	7	BANK CHARGES	640401			8 20	

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5606001	ALBON VALUES			(SUITE)			
24	7 BANK CHARGES		640401			8.20	171 235.76
25	7 FROM ALBON		5608001			200 000.00	28 764.24
18	8 REIMBT FTD	H 1022	5606201		100 000.00		71 235.76
20	8 CSF - DAVCO ASSOCIATES		605401			10 000.00	
20	8 CSF - DAVCO ASSOCIATES - BC		640401			15.00	
20	8 CASH WITHDRAWAL - TC		640201			10 000.00	
20	8 BANK CHARGES		640401			25.00	51 195.76
21	8 TO DOLMY		5603001			40 000.00	
21	8 BANK CHARGES		640401			8.93	11 186.83
24	9 CASH WITHDRAWAL - TOM CLINES		640201			5 000.00	
24	9 BANK CHARGES		640401			25.00	6 161.83
30	9 BANK CHARGES TRIM		640401			215.94	5 945.89
	TRANSACT & BALANCE				10 829 049.51	10 823 103.62	5 945.89

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LEDGER
FROM 01 01 84 TO 04 12 86..

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5606101	****** CALL DEPOSIT - ALBON VALUES	US$				
5	3 TO CALL		5606001	3 000 000.00		3 000 000.00
86						
17	4 FROM CALL		5606001		720 000.00	2 280 000.00
22	4 FROM CALL		5606001		275 000.00	2 005 000.00
28	4 FROM CALL		5606001		225 000.00	1 780 000.00
6	5 FROM CALL		5606001		180 000.00	1 600 000.00
7	5 FROM CALL		5606001		100 000.00	1 500 000.00
12	5 FROM CALL		5606001		300 000.00	1 200 000.00
15	5 FROM CALL		5606001		120 000.00	1 080 000.00
20	5 FROM CALL		5606001		550 000.00	530 000.00
21	5 FROM CALL		5606001		200 000.00	330 000.00
22	5 FROM CALL		5606001		50 000.00	280 000.00
28	5 RT CALL		5606001		280 000.00	
28	5 TO CALL		5606001	250 000.00		250 000.00
4	6 OFF CALL		5606001		250 000.00	0.00
14	7 ON CALL		5606001	270 000.00		270 000.00
22	7 ON CALL		5606001	150 000.00		420 000.00
24	7 OFF CALL		5606001		420 000.00	0.00
	TRANSACT. & BALANCE			3 670 000.00	3 670 000.00	0.00

H 1023

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5606201	****** FID DEPOSIT - ALBON VALUES		US$			
18 6	DEPOSIT AT 18/07/86		5606001	100 000.00		100 000 00
86					100 000.00	
18 7	REIMBT FTD		5606001	100 000.00		100 000 00
18 7	FTD 08/18/86 @ 6.25%		5606001		100 000.00	0.00
18 8	REIMBT FTD		5606001			
	TRANSACT. & BALANCE			200 000.00	200 000.00	0.00

H 1024

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LEDGER — FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5607001	****** TOYCO SA		US$			
20 5	TRANSFER TO TOYCO		5606001	50 000.00		
86						
20 5	CIE SERV. FID. INV. 1192		640101		2 739.73	
20 5	67666 BA	H 1025	600601		13 150.00	
20 5	BANK CHARGES		640401		2.79	34 107.48
27 5	CASH		600201		10 000.00	
27 5	BANK CHARGES		640401		25.00	24 082.48
2 6	TR TO TOYCO *		5606001	263 891.00		287 973.48
3 6	TR TO CSF INV. RE SCITECH		601301		26 390.00	
3 6	TR TO CSF INV. RE KOREL		601401		79 167.00	
3 6	TR TO CSF INV RE A.H.		600201		79 167.00	
3 6	TR TO CSF INV. RE C.TEA		605201		79 167.00	24 082.48
16 6	CHQ QUINTERO		600401		10 000.00	
16 6	BANK CHARGES		640401		3.88	14 078.60
18 6	TRANSFER ALBON TO TOYCO		5606001	3 000 000.00		
18 6	TO CALL A/C		5607101		3 000 000.00	14 078.60
20 6	TR TO DEFEX		*		37 277.00	
20 6	FROM CALL		5607101	50 000.00		
20 6	BANK CHARGES		640401		2.67	26 798.93
27 6	OFF CALL		5607101	500 000.00		
27 6	A/C 1837 MONZER ALKASSAR		601801		500 000.00	
27 6	BANK CHARGES		640401		8.02	26 790.91
30 6	CLOSING ENTRIES		640401		9.78	
30 6	INTEREST		770701	5 784.72		32 565.85
1 7	67666 BA		600601		845 000.00	
1 7	FROM CALL		5607101	850 000.00		
1 7	SOUTHERN AIR TRANSPORT		600101		200 000.00	
1 7	OFF CALL		5607101	200 000.00		
1 7	BANK CHARGES		640401		2.67	37 563.18
3 7	BANK CHARGES		640401		8.20	37 554.98
31 7	INTEREST		770701	7 465.46		45 020.44
22 8	OFF CALL		5607101	100 000.00		
22 8	TO UDALL		5609001		100 000.00	
22 8	BANK CHARGES		640401		5.95	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5607001		TOYCO SA		(SUITE)			
22	8	COMERCIAL TULIN SA		600901		20 000 00	
22	8	ARTURO JOSE CRUZ PORRAS		604301		14 000 00	
22	8	CHECK*RAFAEL QUINTERO		600401		10 000.00	1 014.49
25	8	OFF CALL	H 1026	5607101	1 300 000.00		
25	8	FORWAY INDUSTRIES		605701		50 000.00	
25	8	BANK CHARGES		640401		8 93	
25	8	BANK CHARGES		640401		17 86	
25	8	BANK CHARGES		640401		17.86	
25	8	INTEREST		770701	5 379.17		1 256 349 01
26	8	CASH WITHDRAWAL		640201		9 453.30	
26	8	CASH WITHDRAWAL		640201		500 00	
26	8	BANK CHARGES		640401		46.70	1 246 349.01
27	8	UBS FRIBOURG - DEFEX		999901		861 327.00	
27	8	BANK CHARGES		640401		2 98	385 019.03
28	8	CASH WITHDRAWAL		640201		1 000.00	384 019.03
1	9	TDB - CSF - RE CASH WITHDRAWAL		640201		51 000 00	
1	9	BANK CHARGES		640401		3 03	333 016.00
3	9	REIMBT CSF - CORP AIR SERVICES		605201		62 018 00	
3	9	TO DOLMY		5603001		50 000.00	
3	9	CHECK TOM GREEN		605301		15 000.00	
3	9	BANK CHARGES		640401		41.09	
3	9	BANK CHARGES		640401		6.15	205 950 76
5	9	Jila H Lankarani - FARNEJAD		640201		5 000.00	
5	9	CHECK RAFAEL QUINTERO		600401		5 000 00	
5	9	BANK CHARGES		640401		6 13	
5	9	BANK CHARGES		640401		2.42	195 942.21
9	9	COMMERCIAL TULIN		600901		10 000.00	
9	9	ARTURO JOSE CRUZ PORRAS		604301		7 000.00	
9	9	BANK CHARGES		640401		18 18	
9	9	BANK CHARGES		640401		18.18	178 905 85
11	9	TRANSFER TO SAT		600101		50 000.00	
11	9	BANK CHARGES		640401		9 09	128 896 76
12	9	CHECK TO TOM GREEN		605301		10 000.00	
12	9	BANK CHARGES		640401		5 93	
12	9	CSF REIMBT STTGI		602001		15 000 00	
12	9	BANK CHARGES - SERFID		640401		50.00	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5607001	TOYCO SA		(SUITE)			
12 9	BANK CHARGES		640401		9 09	
12 9	FARNEJAD - Mrs Jila H. Lankarani		640201		10 000.00	93 831 74
17 9	TO GULF		5602001		1 000.00	
17 9	BANK CHARGES		640401		9.09	92 822 65
18 9	CASH WITHDRAWAL - TOM CLINES		640201		2 000.00	
18 9	BANK CHARGES		640401		10.00	90 812.65
25 9	FROM HYDE PARK	H 1027	5608001	10 000 00		
25 9	TO SAT		600101		100 000 00	
25 9	BANK CHARGES		640401		9 09	803.56
	TRANSACT. & BALANCE			6 342 520 35	6 341 716 79	803.56

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER
FROM 01 01 84 TO 04 12 86

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5607101		****** CALL DEP. - TOYCO SA	US$				
18	6	TO CALL A/C	5607001		3 000 000.00		3 000 000.00
86							
20	6	FROM CALL	5607001			50 000.00	2 950 000.00
27	6	OFF CALL	5607001			500 000.00	2 450 000.00
1	7	FROM CALL	5607001			850 000.00	
1	7	OFF CALL	5607001			200 000.00	1 400 000.00
22	8	OFF CALL	5607001			100 000.00	1 300 000.00
25	8	OFF CALL	5607001			1 300 000.00	0.00
		TRANSACT. & BALANCE			3 000 000.00	3 000 000.00	0.00

H 1028

4201 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5607201	****** FID. DEPOSIT - TOYCO SA		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

H 1029

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001	****** HYDE PARK SQUARE	US$				
17 4	TRANSFER TO HYDE PARK SQUARE		5606001	199 000 00		
86						
17 4	CASH ALBERT HAKIM		600201		3 000 00	
17 4	BANK CHARGES		640401		15.00	195 985 00
18 4	CIE SERV FID INV. 1115		640101		2 750.00	193 235.00
23 4	DEPOSIT		5608201		180 000.00	13 235.00
14 5	TRANSFER FROM LAKE		5600001	10 000 000 00		10 013 235 00
15 5	JM 601 D 500816		604801		6 500 000.00	
15 5	BANK CHARGES		640401		2.79	3 513 232.21
16 5	TRANSFER FROM LAKE		5600001	5 000 000 00		
16 5	TRANSFER FROM LAKE		5600001	1 200 000.00		
16 5	ON CALL		5608101		3 500 000.00	6 213 232.21
20 5	TRANSFER TO HYDE PARK		5606001	50 000 00		
20 5	CSF INV RE BUTTON		604901		200 000.00	
20 5	ON CALL		5608101		6 200 000.00	136 767.79-
21 5	CASH WITHDRAWAL		600201		60 300.00	197 067 79-
22 5	OFF CALL		5608101	100 000.00		
22 5	CSF INV. RE SCITECH		601301		100 000.00	
22 5	INTEREST		770801	5 566.68		
22 5	CSF INV. 1238 (AEROLEASING)		600501		33 471.50	
22 5	CSF COMMISSION		640401		155.50	225 128 11-
23 5	TR TO SBS GVA		600601		200 000.00	
23 5	BANK CHARGES		640401		2.79	
23 5	TR TO SAT		600101		410 000.00	
23 5	BANK CHARGES		640401		8.38	
23 5	CIE DE SERV FID RE AH		600201		500 000.00	
23 5	BANK CHARGES		640401		8.38	
23 5	TR TO SBS GVA		600601		200 000.00	
23 5	BANK CHARGES		640401		2.79	
23 5	CASH RE GEN EXP. SFR 4000 -		640201		2 144.77	
23 5	FROM DEPOSIT A/C		5608201	180 000 00		
23 5	INTEREST		770801	900 00		
23 5	FROM CALL		5608101	1 100 000.00		256 395.22-
27 5	FROM CALL		5608101	250 000 00		

H 1030

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE (SUITE)						
27 5	CIE DE SERV FID REIMBT ADC	640201				26 653 50	
27 5	BANK CHARGES	640401				16 50	33 065.22-
28 5	SAT	600101				200 000 00	
28 5	BANK CHARGES	640401				8 38	
28 5	STTGI	602001				43 847 90	
28 5	BANK CHARGES	640401				2 23	
28 5	CASH WITH. GEN EXP.	640201				1 604.28	
28 5	FROM CALL	5608101			200 000 00		
28 5	CASH SFR 50000.-	890001	50 000.00-			26 525.20	
28 5	INTEREST	770801			8 641 67		96 611.54-
29 5	FROM CALL	5608101			50 000 00		
29 5	INTEREST	770801			1 341 66		45 069 88-
3 6	OFF CALL	5608101			50 000 00		
3 6	CASH WITHDRAWAL	640201				1 000.00	3 930.12
4 6	OFF CALL	5608101			50 000 00		
4 6	INTEREST	770801			7 991 66		61 921 78
5 6	FROM HYDE PARK	5603001				50 000.00	11 921 78
6 6	FROM CALL	5608101			100 000.00		
6 6	CIE SERV. FID AEROLISING	600501				76 688 00	
6 6	CIE SERV. FID FRAIS	640401				112.00	
6 6	INTEREST	770801			2 633 34		37 955.12
18 6	TRANSFER HYDE TO ALBON	5606001				3 350 000.00	
18 6	SAT	600101				242 000 00	
18 6	FROM CALL	5608101			5 800 000.00		
18 6	CSF A/C II CASH	4999001				2 000 000.00	
18 6	CSF A/C III CASH	4999001				200 000.00	
18 6	COMMISSION	640401				5 500.00	
18 6	BANK CHARGES	640401				8.02	
18 6	INTEREST	770801			15 600 00		56 047 10
20 6	FROM HYDE PARK	5606001				30 000.00	26 047 10
24 6	OFF CALL	5608101			50 000.00		
24 6	TO UDALL	5609001				40 000.00	
24 6	INTEREST	770801			2 000 00		38 047 10
27 6	OFF CALL	5608101			50 000 00		
27 6	TO UDALL	5609001				60 000.00	
27 6	INTEREST	770801			975 00		29 022 10

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001		HYDE PARK SQUARE		(SUITE)			
30	6	CHQ QUINTERO	600401			5 000.00	
30	6	COM TULIN	600901			10 000.00	
30	6	ARTURO JOSE CRUZ PORRAS	604301			7 000.00	
30	6	OFF CALL	5608101		50 000.00		
30	6	BANK CHARGES	640401			3.93	
30	6	CLOSING ENTRIES	640401			2 230.61	54 787.56
2	7	TO UDALL	5609001			25 000.00	
2	7	BANK CHARGES	640401			27.32	
2	7	BANK CHARGES	640401			27.32	
2	7	INTEREST	770801		1 583.34		31 316.26
7	7	EAST INC.	603701			61 304.12	
7	7	FARNEJAD (VILA H. LAKARANI)	640201			2 500.00	
7	7	OFF CALL	5608101		80 000.00		
7	7	TO UDALL	5609001			35 000.00	
7	7	BANK CHARGES	640401			8.20	
7	7	BANK CHARGES	640401			8.20	
7	7	INTEREST	770801		1 541.67		14 037.41
10	7	FROM HYDE PARK	5603001			5 000.00	9 037.41
14	7	FROM CALL	5608101		70 000.00		
14	7	TO ALBON	5606001			70 000.00	
14	7	CASH WITHDRAWAL	4999001			10 000.00	
14	7	BANK CHARGES	640401			25.00	
14	7	BANK CHARGES	640401			25.00	
14	7	INTEREST	770801		2 065.00		1 052.41
15	7	OFF CALL	5608101		70 000.00		
15	7	TO DOLMY	5603001			70 000.00	
15	7	INTEREST	770801		283.33		1 335.74
16	7	OFF CALL	5608101		880 000.00		
16	7	67666 BA	600601			881 987.50	
16	7	TO DOLMY	5603001			5 000.00	
16	7	BANK CHARGES	640401			2.75	
16	7	CHECK AERO CONTRACTORS LTD	605001			45 392.00	
16	7	BANK CHARGES	640401			5.78	51 052.27-
18	7	TO UDALL	5609001			5 000.00	
18	7	FROM CALL	5608101		100 000.00		
18	7	BANK CHARGES	640401			11.56	

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4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE (SUITE)					
18 7	CASH WITHDRAWAL	600001			310 000 00	
18 7	BANK CHARGES	640401			1 149 94	
18 7	CHQ ALBERT C HANSEN	600001			125 000 00	
18 7	CHQ ASHER WARD	600001			125 000 00	
18 7	CSF INV 13227/1324 SFR 32567.-	640201			18 824 86	536 038 63-
22 7	FROM CALL	5608101		650 000 00		
22 7	INTEREST	770801		271 67		
22 7	FROM HYDE PARK	5606001			150 000 00	
22 7	INTEREST	770801		397 22		35 369 74-
23 7	TO HYDE PARK	5606001		50 000 00		14 630 26
24 7	INTEREST	770801		250.00		14 880.26
25 7	FROM ALBON	5606001		200 000.00		
25 7	TO UDALL	5609001			4 000 00	210 880 26
28 7	MEYNO EYIAN	604201			196 250.00	
28 7	BANK CHARGES	640401			2 73	14 627 53
30 7	CASH WITHDRAWAL - ERIC ZUCKER	640201			1 000 00	13 627 53
24 9	CHECK RAFAEL QUINTERO	600401			10 000 00	
24 9	BANK CHARGES	640401			6 09	
24 9	CASH DEPOSIT	700601		1 200 000 00		1 203 621 44
25 9	FROM HYDE PARK	5607001			10 000.00	
25 9	CHECK ACL	605801			5 729.68	
25 9	ON CALL	5608101			1 000 000 00	
25 9	BANK CHARGES	640401			6 09	187 885 67
26 9	TRANSFER TO LAKE RESOURCES	5600001			15 000.00	
26 9	TRANSFER TO UDALL RESEARCH	5609001			140 000 00	32 885 67
29 9	BANK CHARGES	640401			3.03	32 882 64
30 9	TDB REIMBT CASH WITHDR. AR	640201			51 000 00	
30 9	CASH WITHDRAWAL ERIC ZUCKER	640201			1 000 00	
30 9	BANK CHARGES TRIM	640401			692 05	19 809 41-
1 10	OFF CALL	5608101		50 000 00		30 190.59
2 10	RAFAEL QUINTERO CHECK	600401			5 000 00	
2 10	BANK CHARGES	640401			6.13	25 184 46
3 10	FROM CALL	5608101		600 000 00		
3 10	REIMBURSEMENT CIE SERV FID CASH	4999001			250 000 00	
3 10	REIMBURSEMENT CIE SERV FID STTGT	602001			25 000 00	
3 10	REIMBURSEMENT CIE SERV.FID.BK CH	640401			100.00	

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A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE		(SUITE)			
3 10	INT ON CALL		770801	422 91		50 507 37
6 10	COMMERCIAL TULIN		600901		10 000 00	
6 10	ARTURO JOSE CRUZ PORRAS		604301		7 000 00	
6 10	TDB GENEVE STC CORP.		606001		30 000 00	
6 10	BANK CHARGES		640401		8 18	
6 10	BANK CHARGES		640401		8 18	
6 10	BANK CHARGES		640401		9 09	
6 10	BANK CHARGES COMPLT		640401		10 00	
6 10	BANK CHARGES COMPLT	H	640401		10 00	3 461 92
8 10	JILA H. LANKARANI	1034	640201		5 740 00	
8 10	CIE SERV FID. INV.ENERGY SFR 3000		640101		1 872 07	
8 10	CIE SERV.FID. AEROLEASING SFR 874		600501		54 552 26	
8 10	BANK CHARGES		640401		9 09	
8 10	FROM CALL		5608101	100 000 00		41 288 50
10 10	INTEREST ON CALL		770801	765 62		42 054 12
14 10	CONSULAR		640201		2 400 00	
14 10	BANK CHARGES		640401		9 09	
14 10	REIMBURSEMENT CSF		602001	15 000 00		
14 10	REIMBURSEMENT CSF		640401	10 00		54 655 03
15 10	CIE SERV. FID. REMBT CASH AH		640201		2 000 00	
15 10	BANK CHARGES		640401		30 00	52 625 03
17 10	INTEREST		770801	548 09		53 173 12
20 10	FROM CALL		5608101	250 000 00		
20 10	TO MENO EYTAN		604201		251 000 00	
20 10	BANK CHARGES		640401		3 03	52 170 09
22 10	C.S.F. REMBT AEROLEASING SFR 3060		600501		19 065 42	
22 10	C.S.F. REMBT PRELEVT CASH		640201		2 000 00	
22 10	BANK CHARGES		640401		50 00	
22 10	CHECK TOM GREEN		605301		20 000 00	
22 10	BANK CHARGES		640401		6 18	11 048 49
27 10	WITHDRAWAL CASH ROBERT DUTTON		640201		40 000 00	
27 10	CIE SERV. FID. REMBT CASH A.H.		640201		51 000 00	
27 10	BANK CHARGES		640401		200 00	
27 10	SERFID REMBT SFR 703 AVION FRANCK		640201		420 96	
27 10	HAEFELIN - UBS		605901		2 037 000 00	2 117 572 47-
28 10	TRANSFER TO DOLMY		5603001		10 000 00	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE		(SUITE)			
28 10	BANK CHARGES		640401		3 03	
28 10	WITHDRAWAL		640201		6 000 00	
28 10	BANK CHARGES		640401		30 00	2 133 605 50-
29 10	FROM CALL		5608101	300 000 00		
29 10	BANK CHARGES		640401		3 03	
29 10	INTEREST ON CALL		770801	405 72		
29 10	CHECK DEUTSCHE BK FRANCKF		700001	3 600 000 00		
29 10	BANK CHARGES		640401		66 93	
29 10	INTEREST		770801	213.55		1 766 943 81
3 11	TO CALL		5608101		1 700 000 00	
3 11	SERFID REIMBT STTGI		602001		50 000 00	
3 11	BANK CHARGES		640401		50.00	
3 11	SERFID INV 1421 + 60 SFR		640201		338 37	
3 11	RAFAEL QUINTERO		600401		5 000 00	
3 11	BANK CHARGES		640401		5.87	11 549 57
5 11	COMMERCIAL TULIN		600901		10 000 00	
5 11	BANK CHARGES		640401		30.12	
5 11	ARTURO JOSE CRUZ PORRAS		604301		7 000.00	
5 11	BANK CHARGES		640401		30 12	
5 11	WITHDRAWAL		640201		10 000 00	
5 11	BANK CHARGES		640401		50 00	
5 11	WITHDRAWAL SFR 2000		640201		1 176 47	16 737 14-
6 11	FROM CALL		5608101	50 000 00		
6 11	FARNEJAD - J H LANKARANI		640201		10 000 00	
6 11	BANK CHARGES		640401		9 04	
6 11	WITHDRAWAL SFR 8000		640201		4 671.53	16 582 29
11 11	CSF INVEST RE C TEA		4999001		30 000.00	11 417 71
12 11	FROM CALL		5608101	300 000 00		
12 11	CSF INVEST RE FORWAY		605701		260 000 00	
12 11	TRANSFER TO UDALL		5609001		5 000 00	23 582 29
13 11	REIMBT SERFID SFR 205		640201		123 49	23 458 80
15 11	TRANSFER TO HYDE PARK		5609001	2 899 01		26 357 81
18 11	FROM CALL		5608101	50 000 00		
18 11	REIMBT SERFID STTGI		602001		50 000 00	
18 11	BANK CHARGES		640401		15 00	
18 11	REIMBURSEMENT CSF INV. STTGI		602001		500 00	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE					
18 11	BANK CHARGES		640401		20.00	25 822.81
21 11	TDB GE - STC		606001		25 000.00	822.81-
24 11	RETURN TRANSF. CONSULAR		640201	2 400.00		3 222.81
25 11	LILLICK MCROSE & CHARLES		640601		868.00	
25 11	BC		640401		5.95	
25 11	BANK CHARGES		640401		3.01	
25 11	CHECK STTGI		602001		50 000.00	
25 11	BANK CHARGES		640401		50.00	47 704.15-
26 11	FROM CALL		5608101	50 000.00		
26 11	REIMBT SERFID SFR 10195		640201		6 216.46	3 920.61-
28 11	FROM CALL		5608101	50 000.00		
28 11	SHEA AND GARDINER		606101		20 000.00	
28 11	TRANSFER TO DOLMY		5603001		15 000.00	
28 11	BANK CHARGES		640401		9.04	
28 11	REIMBT SERFID SFR 168		640201		100.90	10 969.45
30 11	INTEREST		770801	5 466.70		16 436.15
4 12	BANK CHARGES		640401		9.15	16 427.00
	TRANSACT. & BALANCE			50 000.00- 32 959 173.84	32 942 746.84	16 427.00

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(SUITE)

4203 ALBERT NAKIM
LEDGER FROM 01 01 86 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608101	****** CALL DEPOSIT - HYDE PARK		US$			
16 5	ON CALL		5608001	3 500 000.00		3 500 000.00
86						
20 5	ON CALL	H 1037	5608001	6 200 000.00		9 700 000.00
22 5	OFF CALL		5608001		100 000.00	9 600 000.00
23 5	FROM CALL		5608001		1 100 000.00	8 500 000.00
27 5	FROM CALL		5608001		250 000.00	8 250 000.00
28 5	FROM CALL		5608001		200 000.00	8 050 000.00
29 5	FROM CALL		5608001		50 000.00	8 000 000.00
3 6	OFF CALL		5608001		50 000.00	7 950 000.00
4 6	OFF CALL		5608001		50 000.00	7 900 000.00
6 6	FROM CALL		5608001		100 000.00	7 800 000.00
18 6	FROM CALL		5608001		5 800 000.00	2 000 000.00
24 6	OFF CALL		5608001		50 000.00	1 950 000.00
27 6	OFF CALL		5608001		50 000.00	1 900 000.00
30 6	OFF CALL		5608001		50 000.00	1 850 000.00
7 7	OFF CALL		5608001		80 000.00	1 770 000.00
14 7	FROM CALL		5608001		70 000.00	1 700 000.00
15 7	OFF CALL		5608001		70 000.00	1 630 000.00
16 7	OFF CALL		5608001		880 000.00	750 000.00
18 7	FROM CALL		5608001		100 000.00	650 000.00
22 7	FROM CALL		5608001		650 000.00	0.00
25 9	ON CALL		5608001	1 000 000.00		1 000 000.00
1 10	OFF CALL		5608001		50 000.00	950 000.00
3 10	FROM CALL		5608001		300 000.00	650 000.00
8 10	FROM CALL		5608001		100 000.00	550 000.00
20 10	FROM CALL		5608001		250 000.00	300 000.00
29 10	FROM CALL		5608001		300 000.00	0.00
3 11	TO CALL		5608001	1 700 000.00		1 700 000.00
6 11	FROM CALL		5608001		50 000.00	1 650 000.00
12 11	FROM CALL		5608001		300 000.00	1 350 000.00
18 11	FROM CALL		5608001		50 000.00	1 300 000.00
26 11	FROM CALL		5608001		50 000.00	1 250 000.00
28 11	FROM CALL		5608001		50 000.00	1 200 000.00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C NAME & DESCRIPTION

5608101 CALL DEPOSIT - HYDE PARK

TRANSACT & BALANCE

DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	(SUITE)			
		12 400 000 00	11 200 000 00	1 200 000 00

H 1038

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
608201	****** FID DEPOSIT - HYDE PARK		US$			
23 4	DEPOSIT		5608001	180 000 00		180 000 00
86						
23 5	FROM DEPOSIT A/C		5608001		180 000.00	0.00
	TRANSACT. & BALANCE	H 1039		180 000.00	180 000.00	0 00

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
609001	****** UDALL RESEARCH	US$				
17 4	SAT		600101		200 000.00	
86						
17 4	BANK CHARGES		640401		7.81	
17 4	EAST INC.		603701		100 357.86	
17 4	BANK CHARGES		640401		7.81	
17 4	SHARP GREEN & LANK FORD		640201		294.31	
17 4	BANK CHARGES		640401		3.74	300 671.53-
18 4	FROM LAKE		5600001	641 775.00		
18 4	CIE DE SERV FID INV 1134 & 9342		640101		2 141.90	
18 4	CSF - AERO CONTRACTORS LTD		605001		19 635.00	
18 4	BANK CHARGES		640401		95.00	319 231.57
21 4	SAT		600101		120 000.00	
21 4	BANK CHARGES		640401		7.81	199 223.76
23 4	REIMBT CIE DE SERV FID INV 9342		640101	1 070.95		
23 4	FID DEPOSIT		5609201		100 000.00	100 294.71
20 5	TRANSFER TO UDALL		5606001	350 000.00		
20 5	EAST INC.		603701		84 894.58	
20 5	BANK CHARGES		640401		8.38	
20 5	ACE		604101		102 411.57	
20 5	BANK CHARGES		640401		27.93	
20 5	ON CALL		5609101		250 000.00	12 952.25
23 5	REIMBT DEPOSIT		5609201	100 000.00		
23 5	INTEREST		770901	500.00		
23 5	ON CALL		5609101		100 000.00	13 452.25
31 5	INTEREST		770901	603.99		14 056.24
24 6	TO UDALL		5608001	40 000.00		
24 6	TR TO DEFEX		4999001		50 750.00	
24 6	BANK CHARGES		640401		2.67	3 303.57
27 6	TO UDALL		5608001	60 000.00		
27 6	TR TO CORPORATE AIR SERVICES INC		605201		58 000.00	
27 6	BANK CHARGES		640401		8.02	5 295.55
30 6	STTGI		642001		30 000.00	
30 6	BANK CHARGES		640401		8.02	
30 6	INTEREST		770901	1 786.46		22 926.01-

H 1040

308

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5609001	UDALL RESEARCH		(SUITE)			
2 7	TO UDALL		5608001	25 000.00		2 073.99
7 7	TO UDALL		5608001	35 000.00		
7 7	SAT		600101		11 040.00	
7 7	CSF RE STTGI		602001		21 476.64	
7 7	BANK CHARGES		640401		8.20	
7 7	BANK CHARGES		640401		8.20	
7 7	CLOSING ENTRIES		640401		94.65	4 446.30
14 7	CSF INVOICE WZ TRIP USA		640601		8 599.43	4 153.13-
15 7	CSF REIMBT STTGI		602001		30 015.00	34 168.13-
16 7	REMBT STTGI		602001	30 000.00		4 168.13-
18 7	TO UDALL		5608001	5 000.00		831.87
25 7	TO UDALL		5608001	4 000.00		
25 7	BANK CHARGES		640401		5.46	4 826.41
30 7	COMPANIA DEL DESAROLLO		605501		3 993.00	
30 7	BANK CHARGES		640401		2.19	
30 7	JR MONTERO		601901		16 204.00	
30 7	BANK CHARGES		640401		27.32	
30 7	FARNEJAD (MRS JILA H. LANKARANI)		640201		8 000.00	
30 7	BANK CHARGES		640401		8.20	23 408.30-
31 7	LILLICK Mc HOSE & CHARLES		640601		4 895.90	
31 7	CASH WITHDRAWAL		640201		40 000.00	
31 7	BANK CHARGES		640401		200.00	
31 7	INTEREST		770901	1 804.69		66 699.51-
1 8	STTGI		602001		70 000.00	
1 8	BANK CHARGES		640401		8.20	136 707.71-
4 8	OFF CALL		5609101	70 000.00		
4 8	OFF CALL		5609101	280 000.00		
4 8	INTEREST		770901	219.97		213 512.26
5 8	BANK CHARGES		640401		2.98	
5 8	TDB GENEVE STC		606001		13 000.00	200 509.28
7 8	ED JANNAY		605601		81 433.89	119 075.39
22 8	TO UDALL		5607001	100 000.00		
22 8	SAT		600101		125 000.00	
22 8	EAST INC.		603701		56 000.00	
22 8	CSF REIMBT CHQ ROBINETTE		640201		9 000.00	
22 8	CSF CHARGES		640401		15.00	

1041 H

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5609001	UDALL RESEARCH		(SUITE)			
22 8	BANK CHARGES		640401		8 93	
22 8	BANK CHARGES		640401		8 93	
22 8	CSF REMBT AEROLEASING		600501		21 439 51	7 603 02
23 9	CASH WITHDRAWAL - RVS		640201		7 000 00	
23 9	BANK CHARGES		640401		35 00	568 02
25 9	TR TO ACE		601001		46 892 45	
25 9	CORPORATE AIR SERVICES INC		605201		91 936 66	138 261 09-
26 9	TRANSFER TO UDALL RESEARCH		5608001	140 000 00		
26 9	BANK CHARGES		640401		30 30	
26 9	BANK CHARGES		640401		9 09	1 699 52
30 9	BANK CHARGES TRIM		640401		153 72	1 545 80
8 10	EXECUTIVE TRAVEL SFR 703		640201		435 97	1 109 83
17 10	PRELEVT CASH		*		5 700 00	
17 10	BANK CHARGES		640401		14 25	4 604 42-
23 10	REIMBURSEMENT CASH		640201	2 525 00		2 079 42-
12 11	TRANSFER TO UDALL		5608001	5 000 00		2 920 58
14 11	BANK CHARGES		640401		21 57	2 899 01
15 11	TRANSFER TO HYDE PARK		5608001		2 899 01	0 00
	TRANSACT. & BALANCE			1 894 286 06	1 894 286 06	0 00

1042

4203 ALBERT NAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10

A/C.	NAME & DESCRIPTION		DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5609101	****** CALL DEPOSIT - CALL RESEARCH	H 1003		US$			
20	5 ON CALL			5609001	250 000 00		250 000 00
86							
23	5 ON CALL			5609001	100 000.00		350 000.00
4	8 OFF CALL			5609001		70 000.00	
4	8 OFF CALL			5609001		280 000.00	0.00
	TRANSACT. & BALANCE				350 000 00	350 000.00	0.00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5609201	****** FID. DEPOSIT - UDALL RESEARCH		US$			
23 4	FID. DEPOSIT		5609001	100 000.00		100 000 00
86						
23 5	REIMBT DEPOSIT		5609001		100 000 00	0.00
	TRANSACT. & BALANCE	H 1044		100 000 00	100 000.00	0.00

4203 ALBERT HAKIM — 86 12 10 PAGE 1

LEDGER — FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5610000	****** STANTECH SERVICES SA	FRS				
28 5 86	DEPOSIT	690100	26 525 20+	50 000.00		50 000 00
23 6	LOYER CSF	640100			1 050.00	48 950.00
7 7	BANK CHARGES	640400			50.00	48 900.00
23 7	LOYER CSF	640100			1 050 00	47 850.00
20 8	Me ERIC DEMIERRE	640600			3 300.00	44 550.00
22 8	LOYER	640100			1 050.00	
22 8	CSF INVOICE NO 1362	640100			9 000.00	34 500 00
23 9	CIE SERV FID PMT LOYER	640100			1 050.00	33 450.00
3 10	ADMINISTRATION FISCALE CANTONALE	650000			128.20	33 321 80
23 10	CIE SERV. FID. LOYER	640100			1 050.00	32 271.80
	TRANSACT. & BALANCE		26 525.20+	50 000.00	17 728.20	32 271.80

1045

.203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
				US$			
58	****** BANK GUARANTEES						
				US$			
5800001	****** SERFID GUARANTEE	H 1046	5803001		70 000 00		70 000 00
15	7 CSF GUARANTEE 500'000 - DKR						
	TRANSACT & BALANCE				70 000 00	0.00	70 000 00

a 1047

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

m/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
5	****** CHARGES					
			US$			
600001	****** TRANSIT ACCOUNT					
16 86	5 WITHDRAWAL CASH FROM LAKE	H 1048	999901	224 438.00		
					224 438.00	0.00
16	5 TRANSFER		700001			260 000.00
21	5 WITHDRAWAL CASH FROM LAKE		999901	260 000.00		
18	7 CASH WITHDRAWAL		5608001	310 000.00		
18	7 CHQ ALBERT C HANSEN		5608001	125 000.00		820 000.00
18	7 CHQ ASHER WARD		5608001	125 000.00		
	TRANSACT. & BALANCE			1 044 438.00	224 438.00	820 000.00

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
500101		****** SOUTHERN AIR TRANSPORT		US$			
6	3	TR TO SOUTHERN AIR TRANSPORT		5604001	121 825.00		121 825.00
85							
6	6	CHQ RBT COSTS RVS		5604001		4 768.20	117 056.80
10	12	TRANSFER TO SOUTHERN AIR TRANSPO		5601001	60 000.00		177 056.80
18	12	TR. TO SOUTHERN AIR TRANSPORT		5601001	58 500.00		235 556.80
86							
22	1	TR TO SOUTHERN AIR TRANSPORT		5601001	20 000.00		255 556.80
14	2	TR TO SOUTHERN AIR TRANSPORT		5601001	270 000.00		525 556.80
26	2	SAT		5600001	240 000.00		765 556.80
5	3	SAT		5600001	50 000.00		815 556.80
21	3	SAT		5602001	71 000.00		886 556.80
3	4	SAT		5602001	400 000.00		1 286 556.80
14	4	SAT		5602001	150 000.00		1 436 556.80
17	4	SAT		5609001	200 000.00		1 636 556.80
21	4	SAT		5609001	120 000.00		1 756 556.80
21	5	SAT RE FUEL		5606001	40 000.00		
21	5	SAT RE JET STAR		5606001	50 000.00		
21	5	SAT RE L100		5606001	55 000.00		1 901 556.80
23	5	TR TO SAT		5608001	410 000.00		2 311 556.80
28	5	SAT		5608001	200 000.00		2 511 556.80
18	6	SAT		5608001	242 000.00		2 753 556.80
20	6	SAT		5606001	25 000.00		2 778 556.80
1	7	SOUTHERN AIR TRANSPORT		5607001	200 000.00		2 978 556.80
7	7	SAT		5609001	11 040.00		2 989 596.80
22	8	SAT		5609001	125 000.00		3 114 596.80
11	9	TRANSFER TO SAT		5607001	50 000.00		3 164 596.80
25	9	TO SAT		5607001	100 000.00		3 264 596.80
		TRANSACT. & BALANCE			3 269 365.00	4 768.20	3 264 596.80

H 1049

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LEDGER FROM 01 01 84 TO 04 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
600401		****** R QUINTERO		US$			
10	4	CHQ TO R QUINTERO	5604001		5 000 00		5 000 00
85							
25	4	CHQ R QUINTERO	5604001		4 000 00		9 000 00
9	5	EXPENSES PAID BY STTGI	5604001		2 840 48		11 840 48
22	5	CHQ R QUINTERO	5604001		15 277 80		27 118 28
16	7	CHQ R QUINTERO	5604001		7 819 00		
16	7	WITHDRAWAL US$ NOTES RQ	5604001		50 000 00		84 937 28
29	8	CHQ R. QUINTERO	5600001		4 000 00		88 937.28
13	9	PMT R QUINTERO	5600001		4 000 00		92 937.28
23	9	CHQ R. QUINTERO	5600001		2 378.93		95 316.21
1	10	CHQ R. QUINTERO	5600001		4 000 00		99 316.21
15	10	CHQ R. QUINTERO	5600001		4 000 00		103 316.21
12	11	CHQ R QUINTERO	5600001		902 05		104 218 26
25	11	CHQ R. QUINTERO	5600001		4 000 00		108 218.26
17	12	R Q BUS EXPENSES	5601001		10 000 00		118 218.26
86							
7	1	PAYMENT TO R QUINTERO	5601001		4 000 00		122 218 26
30	1	PMT TO R.QUINTERO	5601001		4 000 00		126 218.26
26	2	TR TO R. QUINTERO	5601001		5 000 00		131 218.26
25	3	CHQ R. QUINTERO	5601001		10 000.00		141 218.26
3	4	CIE SERV FID R QUINTERO	5602001		28 000 00		169 218 26
29	4	CHECK QUINTERO	5606001		5 000 00		174 218 26
6	6	CHECK RAFAEL QUINTERO	5606001		5 000.00		179 218.26
16	6	CHQ QUINTERO	5607001		10 000.00		189 218.26
30	6	CHQ QUINTERO	5608001		5 000 00		194 218.26
22	8	CHECK RAFAEL QUINTERO	5607001		10 000.00		204 218.26
5	9	CHECK RAFAEL QUINTERO	5607001		5 000.00		209 218.26
24	9	CHECK RAFAEL QUINTERO	5608001		10 000 00		219 218 26
2	10	RAFAEL QUINTERO CHECK	5606001		5 000.00		224 218 26
3	11	RAFAEL QUINTERO	5608001		5 000.00		229 218 26
		TRANSACT. & BALANCE			229 218.26	0.00	229 218 26

FROM 01 01 84 TO 04 12 86

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
000601		****** S.B.S. 67-666-BA		US$			
7	3	TR TO SBS GVA		5604001	353 600 00		353 600 00
85							
3	4	TR TO SBS GVA		5604001	300 000 00		653 600.00
17	4	TR TO SBS GVA		5604001	150 000 00		803 600 00
6	5	TR TO BCO PORTUGUES		5604001	2 491 700 00		3 295 300 00
8	5	TR TO BCO PORTUGUES		5604001	60 000 00		3 355 300 00
24	5	TRANSFER		5605001	10 000 00		3 365 300.00
25	5	TRANSFER		5605001	1 556 400 00		4 921 700 00
19	7	TRANSFER TO SBS GVA		5604001	200 000 00		5 121 700 00
1	10	TR TO SBS GVA		5600001	301 500.00		5 423 200.00
22	11	TRANSFER SBS		5600001	100 000 00		5 523 200.00
13	12	TRANSFER TO SBS GVA		5601001	300 000 00		5 823 200 00
86							
27	2	TR TO SBS GVA		5601001	222 000 00		6 045 200 00
7	4	TR TO SBS GVA		5602001	93 120 00		6 138 320 00
10	4	TR TO SBS GVA		5602001	136 137 00		6 274 457.00
17	4	TR FROM 6032		999901	2 385 261.75		8 659 718.75
16	5	TR FROM 6034		999901	434 742 12		9 094 460 87
20	5	67666 BA		5607001	13 150.00		9 107 610 87
23	5	TR TO SBS GVA		5608001	200 000 00		
23	5	TR TO SBS GVA		5608001	200 000 00		9 507 610 87
1	7	67666 DA		5607001	845 000 00		10 352 610.87
16	7	67666 DA		5608001	881 987 50		11 234 598 37
		TRANSACT. & BALANCE			11 234 598 37	0.00	11 234 598 37

H 1051

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
600701	****** LAKE RESOURCES		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

H 1052

A/C.		NAME & DESCRIPTION		DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
600801		****** MAULE AIRCRAFT			US$			
11	9	TR TO MAULE AIRCRAFT	H	1053	5600001	59 000.00		59 000.00
85								
23	9	TR TO MAULE AIRCRAFT			5600001	4 000.00		63 000.00
21	10	TR TO MAULE AIRCRAFT			5600001	50 225.00		113 225.00
86								
15	1	CHQ TO MAULE AIRCRAFT			5601001	5 100.00		118 325.00
3	2	TR TO MAULE AIRCRAFT			5601001	50 535.04		168 860.04
28	2	PMT TO MAULE AIRCRAFT			5601001	4 577.67		173 437.71
		TRANSACT & BALANCE				173 437.71	0.00	173 437.71

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 86 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
00101	****** COMMERCIAL TULIN SA		US$			
21 10	PMT COM. TULIN SA	H 1054	5600001	15 000.00		15 000.00
85						
15 11	TR TO TULIN SA		5600001	15 000.00		
15 11	TR TO TULIN SA		5600001	15 000.00		45 000.00
86						
15 1	TR TO TULIN SA		5601001	10 000.00		55 000.00
17 2	COMMERCIAL TULIN SA		5600001	10 000.00		65 000.00
18 3	COMMERCIAL TULIN SA		5600001	10 000.00		75 000.00
30 4	COMMERCIAL TULIN		5600001	10 000.00		85 000.00
6 6	COMMERCIAL TULIN		5600001	10 000.00		95 000.00
30 6	COM TULIN		5600001	10 000.00		105 000.00
22 8	COMERCIAL TULIN SA		5600001	10 000.00		115 000.00
9 9	COMMERCIAL TULIN		5600001	8 000.00		123 000.00
6 10	COMMERCIAL TULIN		5600001	10 000.00		133 000.00
5 11	COMMERCIAL TULIN		5600001	10 000.00		143 000.00
			5600001	10 000.00		153 000.00
	TRANSACT. & BALANCE			153 000.00	0.00	153 000.00

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4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER
FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
601001	****** AMALGAMATED COM. ENT		US$			
25 9	TR TO ACE	5609001		46 892.45		46 892.45
	TRANSACT. & BALANCE			46 892.45	0.00	46 892.45

H 1055

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
601101	****** JOSEPH HAMILTON					
B 1	TR TO JOSEPH HAMILTON		5601001	125 000.00		125 000.00
	TRANSACT. & BALANCE			125 000.00	0.00	125 000.00

M 1056

H 1057

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
003701	****** EAST INC.	US$			
27 12 86	TR. TO EAST INC.	5601001	100 500.00		100 500.00
17 2	EAST INC.	5600001	10 000.00		110 500.00
20 2	TR. TO EAST INC.	5601001	20 000.00		130 500.00
26 2	TR. TO EAST INC.	5601001	92 440.44		222 940.44
14 4	EAST INC.	5602001	30 000.00		252 940.44
17 4	EAST INC.	5609001	100 357.86		353 298.30
20 5	EAST INC.	5609001	84 894.58		438 192.88
7 7	EAST INC.	5608001	61 304.12		499 497.00
24 7	EAST INC.	5606001	87 860.38		587 357.38
22 8	EAST INC	5609001	56 000.00		643 357.38
25 9	EAST INC	5600001	14 449.25		657 806.63
	TRANSACT & BALANCE		657 806.63	0.00	657 806.63

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
603901	****** SHIP		US$			
1	5 ARNE HERUP AND DBI DKR 250000.--		5603001	31 098.40		31 098.40
86						
7	5 ARNE HERUP AND DBI DKR 2366558 --		5603001	290 464.31		
7	5 CIE SERV. FID. SA CHARTERING APS		5603001	8 000.00		
7	5 RETRAIT CASH CAPTAIN ARNE HERUP	H 1058	5603001	5 000.00		334 562.71
21	5 RETRAIT CASH CAPTAINE ARNE HERUP		5603001	5 012.00		339 574.71
23	5 ACOMARIT SERV. MARITIME		5603001	20 000.00		359 574.71
5	6 CHECK TO ARNE HERUP		5603001	3 125.00		
5	6 SALARY CHIEF MATE AND COOK		5603001	5 500.00		368 199.71
13	6 COMPTE NO 3477 LIT 1930000		5603001	1 293.74		369 493.45
26	6 SA CHARTERING APS	H	5603001	6 425.60		375 919.05
30	6 SA CHARTERING APS		5603001	3 454.25		379 373.30
1	7 SA CHARTERING APS		5603001	247.03		379 620.33
8	7 SA CHARTERING APS		5603001	15 500.00		395 120.33
9	7 CHQ ARNE HERUP		5603001	3 125.00		
9	7 127555-5 WAGES CREW		5603001	5 900.00		404 145.33
10	7 ARNE HERUP RE INCENTIVE		5603001	5 000.00		
10	7 ARNE HERUP WAGES MAY-JUNE		5603001	6 250.00		415 395.33
14	7 SA CHARTERING APS		5603001	1 460.00		416 855.33
16	7 SA CHARTERING APS		5603001	5 430.00		422 285.33
23	7 SA CHARTERING APS		5603001	4 444.00		
23	7 CSF DKR 32'000.- REMBT PSM		5603001	4 176.47		430 905.80
25	7 CHQ ARNE HERUP		5603001	3 125.00		434 030.80
28	7 SA CHARTERING APS		5603001	16 000.00		450 030.80
31	7 WAGES SHIP CREW		5603001	7 100.00		
31	7 ARNE HERUP		5603001	3 125.00		460 255.80
21	8 SA CHARTERING APS		5603001	16 800.00		477 055.80
22	8 ARNE HERUP		5603001	6 250.00		483 305.80
25	8 CHQ ARNE HERUP		5603001	6 250.00		
25	8 127555-5 REF WAGES		5603001	7 100.00		496 655.80
28	8 SA CHARTERING APS		5603001	15 000.00		511 655.80
26	9 ARNE HERUP - A/C WITH CREDIT SUIS		5603001	3 125.00		
26	9 SHIP WAGES - 127555-5		5603001	7 100.00		
26	9 ARNE HERUP		5603001	3 125.00		525 005.80

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5603001	SHIP	(SUITE)			
27 9	SA CHARTERING APS	5603001	13 340 00		538 345 80
15 10	SA CHARTERING APS	5603001	20 000 00		558 345 80
28 10	ARNE HERUP	5603001	3 125 00		
28 10	ARNE HERUP CHECK	5603001	3 125 00		
28 10	127555-5 OCTOBER	5603001	7 100 00		571 695 80
27 11	ARNE HERUP	5603001	3 125.00		
27 11	127555-5	5603001	7 100 00		
27 11	CHECK ARNE HERUP	5603001	3 125 00		585 045.80
	TRANSACT. & BALANCE		585 045 80	0.00	585 045 80

H 1059

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
				D M			
003903	****** SHIP INSURANCE - DM						
20 5	INSURANCE MANTENS HORNER		5603003		110 318.75		110 318.75
	TRANSACT. & BALANCE				110 318.75	0.00	110 318.75

H 1060

4203 ALBERT HAKIM 86 12 10 PAGE 1

LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
601801	****** MONZER ALKASSAR	US$				
30 8 86	TRANSFER TO BCO BILBAO		5600001	1 000 000 00		1 000 000 00
27 6	A/C 1837 MONZER ALKASSAR		5607001	500 000 00		1 500 000 00
	TRANSACT. & BALANCE			1 500 000 00	0.00	1 500 000.00

H 1061

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
601901	****** J. MONTERO	US$				
18 12 86	CASH WITHDRAWAL		5600001	2 540.00		2 540.00
17 2	TR TO J. MONTERO		5600001	10 417.57		12 957.57
3 3	3 CHECKS TO J MONTERO		5601001	30 000.00		42 957.57
4 3	TR TO J.R MONTERO		5601001	21 000.00		63 957.57
5 3	RD CHQ MONTERO		5601001		30 000.00	
5 3	TO CSF (JRM)		5602001	50 000.00		63 957.57
18 6	CIE SERV. FID MONTERO		5606001	48 524.83		112 482.40
30 7	JR MONTERO		5609001	16 204.00		128 686.40
	TRANSACT. & BALANCE			158 686.40	30 000.00	128 686.40

H 1062

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
602101	****** ABDUL RAHMAN TINAY		US$			
13 9	TR TO ABDUL RAHMAN		5600001	2 636.00		2 636.00
	TRANSACT. & BALANCE			2 636.00	0.00	2 636.00

H 1064

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
602401	****** ALPHA SERVICES		US$			
30 9 85	TR TO ALPHA SERVICES		5800001	175 000 00		175 000.00
1 10	TR TO ALPHA SERVICES		5800001	25 000 00		200 000 00
	TRANSACT. & BALANCE			200 000 00	0.00	200 000.00

H 1065

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
602501	****** DENIS PONCE		US$			
21 10	PMT DENIS PONCE		5600001	5 000.00		5 000.00
85						
15 11	TR TO D. PONCE	H 1066	5600001	5 000.00		
15 11	TR TO DENIS PONCE	H 1066	5600001	5 000.00		15 000.00
25 11	FUNDS RECEIVED LESS BK CHARGES	H 1066	5600001		4 970.00	10 030.00
86						
3 1	REVERSAL PMT PONCE	H 1066	5600001		5 000.00	5 030.00
16 1	REVERSAL PMT D PONCE	H 1066	5600001		5 000.00	30.00
	TRANSACT & BALANCE			15 000.00	14 970.00	30.00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
602601	****** SANTA LUCIA AIRWAYS		US$			
29 11	TR TO SANTA LUCIA AIRWAYS		5600001	127 700.00		127 700 00
	TRANSACT. & BALANCE			127 700.00	0.00	127 700 00

H 1067

4205 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
602701	****** TRANSWORLD ARMS LTD	US$				
28 12	TR TO TRANSWORLD ARMS		5604001	414 037 00		414 037.00
85						
16 1	TRANSFER TO TRANSWORLD ARMS		5604001	90 000 00		504 037 00
22 1	TRANSFER TO TRANSWORLD ARMS		5604001	400 000 00		904 037.00
19 3	TR TO TRANSWORLD ARMS		5604001	600 000 00		1 504 037 00
30 5	TR TO ROYAL BANK OF CANADA		5604001	8 000 00		1 512 037.00
86						
18 6	TAA		5606001	200 000 00		1 712 037.00
20 6	RETURN PMT TAA 180686		5606001		200 000.00	1 512 037 00
	TRANSACT & BALANCE			1 712 037 00	200 000.00	1 512 037.00

H 1068

ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

		NAME & DESCRIPTION		DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
SI	5201	****** DEFEX PORTUGAL			056			
05	4	TR TO DEFEX			5604001	21 907.00		21 907.00
05								
10	5	TR TO BCO PORTUGUES			5604001	57 500.00		79 407.00
11	7	TR TO BCO PORTUGUES			5604001	145 352.00		224 759.00
23	7	TR TO UBS FRIBOURG			5604001	580 853.21		805 612.21
24	7	TR TO UBS FRIBOURG	H	1069	5604001	1 392 474.84		2 198 087.05
16								
7	1	DEFEX			5600001	26 174.70		2 224 261.75
7	4	DEFEX			5606001	161 000.00		
7	4	TR TO 6006			999901		2 385 261.75	0.00
		TRANSACT. & BALANCE				2 385 261.75	2 385 261.75	0.00

LEDGER

E & DESCRIPTION	DOC.NO CONTRA			
3301 ****** GAR INC.		058		
25 4 CHQ GAR INC.	5604001	1 000.00		1 000.00
TRANSACT. & BALANCE		1 000.00	0.00	1 000.00

H 1070

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
604101	****** ACE			US$			
18 11 86	TR TO AMALGAMATED COM. ENT		5600001		450 630 00		450 630 00
22 1	TR TO AMALGAMATED COM. ENT	H 1071	5601001		230 000 00		680 630.00
31 1	TR TO AMALGAMATED COM. ENT		5601001		150 000.00		830 630 00
17 3	ACE		5602001		475 000.00		1 305 630.00
21 3	ACE		5602001		29 000 00		1 334 630 00
18 4	ACE		5606001		57 022 03		1 391 652 03
20 5	ACE		5609001		102 411 57		1 494 063 60
	TRANSACT & BALANCE				1 494 063 60	0 00	1 494 063 60

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
04301	****** ARTURO JOSE CARUZ PORRAS		US$			
17 2 86	ARTURO JOSE CARUZ PORRAS		5600001	3 500 00		3 500 00
30 4	ARTNO JOSE CRUZ PORRAZ		5606001	7 000 00		10 500 00
6 6	ARTURO JOSE CRUZ PORRAS		5606001	7 000 00		17 500 00
30 6	ARTURO JOSE CRUZ PORRAS		5608001	7 000 00		24 500 00
22 8	ARTURO JOSE CRUZ PORRAS	= 1072	5607001	14 000 00		38 500 00
9 9	ARTURO JOSE CRUZ PORRAS		5607001	7 000 00		45 500 00
6 10	ARTURO JOSE CRUZ PORRAS		5608001	7 000.00		52 500 00
5 11	ARTURO JOSE CRUZ PORRAS		5608001	7 000.00		59 500 00
	TRANSACT. & BALANCE			59 500.00	0.00	59 500.00

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 86 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
04401	****** GOULDENS CLIENTS ACCOUNT	US$			
1	5 GOULDENS CLIENT	5606001	110 000 00		110 000 00
	TRANSACT. & BALANCE		110 000 00	0.00	110 000.00

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE

A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
604501	****** MOTOROLA INC.		USS			
5 5	NORTH TRUST BANK MOTAOLA INC	5606001		100 000 00		100 000 00
	TRANSACT. & BALANCE			100 000 00	0.00	100 000 00

H 1074

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
604601	****** CODELIS		US$			
14 5	TDB CODELIS	5606001		101 500 00		101 500 00
	TRANSACT & BALANCE			101 500 00	0 00	101 500 00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
606601	****** 500816-JM-601 D		USD			
10 86	Z 500816-JM-601D		5600001	1 850 000.00		1 850 000.00
11	Z 500816-JM-601D		5600001	1 850 000.00		3 700 000.00
15	S JM 601 D 500816		5608001	6 500 000.00		10 200 000.00
	TRANSACT & BALANCE			10 200 000.00	0.00	10 200 000.00

1076 H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
305001	****** AERO CONTRACTORS LTD		US$			
18 4 86	CSF - AERO CONTRACTORS LTD	H 1077	5609001	19 635 00		19 635 00
16 7	CHECK AERO CONTRACTORS LTD		5608001	45 392 00		65 027 00
	TRANSACT. & BALANCE			65 027 00	0 00	65 027 00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

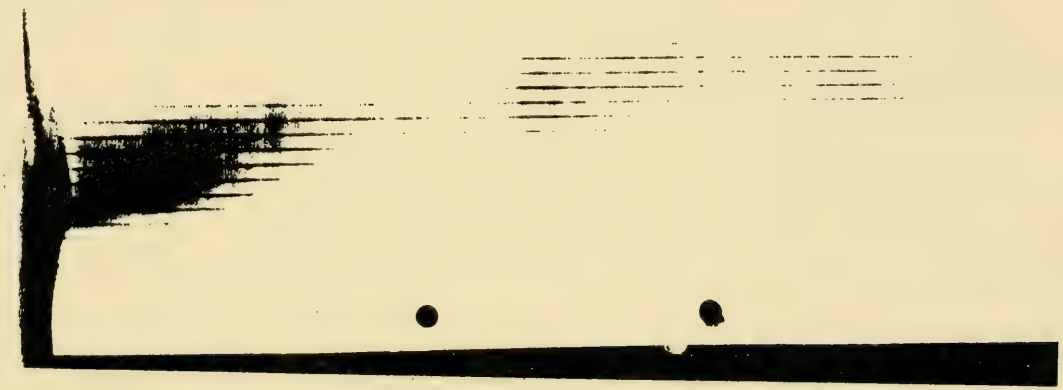
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
405101	****** BK OTSAR T.A. # 2303705-50	US9	1078			
17 2	TR TO BK OTSAR T.A.	5600001	N	31 500 00		31 500 00
	TRANSACT. & BALANCE			31 500.00	0.00	31 500 00

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
605201		****** CORPORATE AIR SERVICES	US$					
27 86	6	TR TO CORPORATE AIR SERVICES INC.	5609001			58 000 00		58 000.00
3	9	REIMBT CSF - CORP AIR SERVICES	5607001			62 018.00		120 018.00
25	9	CORPORATE AIR SERVICES INC.	5609001			91 936 66		211 954.66
		TRANSACT. & BALANCE				211 954 66	0.00	211 954.66

H 1079



4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
605401	****** DAVCO ASSOCIATES		US$				
20 8	CSF - DAVCO ASSOCIATES	5606001		1080 H	10 000 00		10 000 00
	TRANSACT & BALANCE				10 000 00	0.00	10 000.00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
05301	****** TOM GREEN	US$					
22 7	TOM GREEN	5606001		H 1081	50 000.00		50 000.00
86							
3 9	CHECK TOM GREEN	5607001			15 000.00		65 000.00
12 9	CHECK TO TOM GREEN	5607001			10 000.00		75 000.00
22 10	CHECK TOM GREEN	5608001			20 000.00		95 000.00
	TRANSACT & BALANCE				95 000.00	0.00	95 000.00

6203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
605501	****** COMPANIA DEL DESSARROLLO DE S ELENA US$					
30 7	COMPANIA DEL DESARROLLO	5689001	1062 H	1 993 00		1 993.00
	TRANSACT. & BALANCE			1 993 00	0 00	1 993 00

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
605601	■■■■■■ ED JANAY 15.09596 7	US$			
7 8	ED JANNAY	560Y001	81 433.89		81 433.89
	TRANSACT & BALANCE		81 433.89	0.00	81 433.89

H 1083

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
505701	****** FORWAY INDUSTRIES		US$			
25 8 86	FORWAY INDUSTRIES		5607001	50 000 00		50 000 00
12 11	CSF INVEST. RE FORWAY		5609001	260 000 00		310 000 00
	TRANSACT. & BALANCE			310 000 00	0 00	310 000 00

H 1084

86 12 10 PAGE 1

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
605801	****** ACL					
25 9	CHECK ACL	1085 H	5608001	5 729.68		5 729.68
	TRANSACT. & BALANCE			5 729 68	0.00	5 729.68

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
605901	****** HAEFELIN	US$			
27 10	HAEFELIN - UBS	5608001	2 037 000 00		2 037 000 00
	TRANSACT. & BALANCE		2 037 000 00	0.00	2 037 000 00

H 1086

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4203 ALBERT HAKIM 86 12 10 PAGE 1

LEDGER FROM 01 01 84 TO 06 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
606001	****** STANFORD TECHN. CORP. TDB GE		US$			
21 4 86	TDB GENEVE STC		5606001	20 000.00		20 000.00
5 8	TDB GENEVE STC		5609001	13 000.00		33 000.00
6 10	TDB GENEVE STC CORP.		5608001	30 000.00		63 000.00
21 11	TDB GE - STC		5608001	25 000.00		88 000.00
	TRANSACT. & BALANCE			88 000.00	0.00	88 000.00

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4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
606101	****** SHEA AND GARDINER		US$			
28 11	SHEA AND GARDINER	5608001		20 000 00		20 000 00
	TRANSACT & BALANCE			20 000 00	0 00	20 000 00

H 1088

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640100	****** DOMICILIATION + DIRECTORS FEES		FRS			
23 6	LOYER CSF		5610000	1 050 00		1 050 00
86						2 100 00
23 7	LOYER CSF		5610000	1 050 00		
22 8	LOYER		5610000	9 000 00		12 150.00
22 8	CSF INVOICE NO 1362	1089	5610000	1 050 00		13 200 00
23 9	CIE SERV. FID PMT LOYER		5610000	1 050 00		14 250 00
23 10	CIE SERV FID. LOYER					
	TRANSACT. & BALANCE	H		14 250.00	0.00	14 250.00

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640101	****** DOMICILIATION + DIRECTORS FEES US$					
15 10	PMT INV. COMP. DE SERV FID	5600001		4 650 00		
85						
15 10	PMT INV. COMP DE SERV FID.	5600001		4 157 04		8 807 04
12 11	PMT INV. AUDIFI	5600001		243 37		
*12 11	PMT INV. CSF	5600001		1 400 23		10 440 64
86						
17 4	CIE SER FID INV 9549 SFR 5000	5606001		2 673 80		13 114 44
18 4	CIE SERV FID INV. 1115	5608001		2 750 00		
18 4	CIE DE SERV FID INV 1134 & 9342	5609001		2 141 90		18 006 34
23 4	REIMBT CIE DE SERV FID INV 9342	5609001			1 070 95	16 935 39
1 5	CIE SERV FID. INV 1164	*5603001		2 732.25		19 667 64
20 5	CIE SERV. FID. INV 1192	5607001		2 739.73		
20 5	CSF INV 1201	5602001		2 500 00		24 907 37
18 7	CSF INV. 1322/1324	*640201		1 734 10		26 641 47
8 10	CIE SERV.FID INV.ENERGY SFR 3000	5608001		1 872 07		28 513.54
	TRANSACT. & BALANCE			22 584 49	1 070.95	28 513 54

LEDGER FROM 01 01 84 TO 06 12 86 86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640200	****** BUSINESS EXPENSES		FRS			
	TRANSACT. & BALANCE			0.00	0.00	0.00

H 1091

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640201	****** BUSINESS EXPENSES	US$			
25 2	BUSINESS EXPENSES	5604001	3 506.00		3 506 00
85					
20 3	CASH WITHDRAWAL RVS	5604001	5 000.00		8 506 00
10 5	TRAVEL EXPENSES	5604001	241 33		8 747.33
6 9	PMT INV. HOTEL INTERCON.	5604001	2 932.33		11 679 66
15 10	CASH WITH. MASOUDI	5600001	5 000 00		16 679 66
17 10	PMT HOTEL INTERCONTINENTAL	5600001	4 812.82		21 492 48
17 12	BUSINESS EXPENSES PHASE IV	5601001	50 000.00		71 492 48
86					
17 2	HOTEL INTERCONTINENTAL	5600001	665 94		
17 2	CASH WITHDRAWAL	5600001	300 00		72 458.42
18 2	WITHDRAWAL CASH TRAVEL EXP	*5600001	35 000.00		107 458 42
9 4	TOM LINNES REIMBT LOC. 300 - SFR	5602001	154 04		
9 4	PMT SFR 300.- CASH	5602001		150.00	107 462 46
17 4	WITH CASH . EXPENSES	5602001	601 00		
17 4	SHARP GREEN & LANK FORD	5609001	294 31		108 357 77
1 5	CASH ERIC ZUCKER	5606001	500.00		108 857 77
13 5	RE TRIP OF 05/13/86	5606001	3 000.00		
13 5	RE TRIP OF 05/13/86	5606001	2 793 30		114 651 07
15 5	CASH GEN EXP RUS/AH	5606001	2 777.78		
15 5	BILL / GREG / AVC	5606001	30 150 00		147 578 85
23 5	CASH RE GEN EXP. SFR 4000 -	5608001	2 144.77		149 723 62
27 5	CIE DE SERV FID REIMBT ADC	5608001	26 653 50		176 377 12
28 5	CASH WITH GEN. EXP.	5608001	1 604.28		177 981 40
3 6	CASH WITHDRAWAL	5608001	1 000 00		178 981 40
7 6	KLINIC BUCHINGER DM 5000 -	5606001	2 294 10		181 275 50
1 7	CSF CASH WITHDR RE ERIC ZUCKER	5608001	1 000 00		182 275 50
7 7	FARNEJAD (JILA H LAKAKANI)	5608001	2 500 00		184 775 50
9 7	BUCHINGER PAI DM 6000 -	5606001	2 778 29		187 553 79
18 7	CSF INV. 1322/1324 SFR 32567	5608001	18 824 86		
18 7	CSF INV. 1322/1324	*		18 824 86	187 553 79
24 7	HOTEL INTERCONTINENTAL	5606001	7 052.88		194 606 67
30 7	CASH WITHDRAWAL - ERIC ZUCKER	5608001	1 000 00		
30 7	FARNEJAD (MRS JILA H. LANKARANI)	5609001	8 000 00		203 606 67

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A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
640201	BUSINESS EXPENSES		(SUITE)			
31 7	CASH WITHDRAWAL		5609001	40 000 00		243 606.67
20 8	CASH WITHDRAWAL - TC		5606001	10 000 00		253 606.67
22 8	CSF REIMBT CHQ ROBINETTE		5609001	9 000 00		262 606.67
26 8	CASH WITHDRAWAL		5607001	9 453 30		
26 8	CASH WITHDRAWAL		5607001	500.00		272 559.97
28 8	CASH WITHDRAWAL		5607001	1 000.00		273 559.97
1 9	TDB - CSF - RE CASH WITHDRAWAL		5607001	51 000 00		324 559 97
5 9	Jila H Lankarani - FARNEJAD		5607001	5 000 00		329 559.97
12 9	FARNEJAD - Mrs Jila H Lankarani		5607001	10 000 00		339 559 97
18 9	CASH WITHDRAWAL - TOM CLINES		5607001	2 000 00		341 559.97
23 9	CASH WITHDRAWAL - RVS		5609001	7 000 00		348 559 97
24 9	CASH WITHDRAWAL - TOM CLINES		5606001	5 000 00		353 559.97
30 9	TDB REIMBT CASH WITHDR AH		5608001	51 000 00		
30 9	CASH WITHDRAWAL ERIC ZUCKER		5606001	1 000 00		405 559 97
8 10	JILA H. LANKARANI		5608001	5 740 00		
8 10	EXECUTIVE TRAVEL SFR 703		5609001	435.97		411 735.94
14 10	CONSULAR		5608001	2 400.00		414 135 94
15 10	CIE SERV. FID REMBT CASH AH		5608001	2 000.00		416 135 94
17 10	CHECK MC ALISTER		*5609001	3 100 00		419 235 94
22 10	C.S.F. REMBT PRELEVT CASH		5608001	2 000.00		421 235 94
23 10	REIMBURSEMENT CASH		5609001		2 525 00	
23 10	CANCELLATION REIMBT CASH		999901	2 512 00		
23 10	CANCELL REIMBT CAHS BANK CHARGES		640401	13 00		421 235 94
27 10	WITHDRAWAL CASH ROBERT DUTTON		5608001	40 000 00		
27 10	CIE SERV FID REMBT CASH A H		5608001	51 000 00		
27 10	SERFID REMBT SFR 703 AVION FRANCE		5608001	420 96		512 656.90
28 10	WITHDRAWAL		5608001	6 000 00		518 656 90
3 11	SERFID INV 1421 + 60 SFR		5608001	338 37		518 995 27
5 11	WITHDRAWAL		5608001	10 000 00		
5 11	WITHDRAWAL SFR 2000		5608001	1 176 47		530 171 74
6 11	FARNEJAD - J.H LANKARANI		5608001	10 000 00		
6 11	WITHDRAWAL SFR 8000		5608001	4 671 53		544 843.27
13 11	REIMBT SERFID SFR 205		5608001	123 49		544 966 76
24 11	RETURN TRANSF. CONSULAR		5608001		2 400.00	542 566.76
26 11	REIMBT SERFID SFR 10195		5608001	6 216 46		548 783.22
28 11	REIMBT SERFID SFR 168		5608001	100 90		548 884.12

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 3

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
40201	BUSINESS EXPENSES		(SUITE)			
	TRANSACT & BALANCE			572 783 98	23 899 86	548 884 12

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A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
640300	****** TELEPHONE CHARGES		FRS			
	TRANSACT. & BALANCE			0.00	0.00	0.00

H 1095

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LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
540301	****** TELEPHONE CHARGES	US$				
3 86	2 TELEPHONE CHARGES		5601001	9 96		9 96
18	2 TEL CHARGES		5601001	100 00		109 96
13	5 CIE SERV. FID		5606001	500 00		609 96
18	7 CSF INV. 1322/1324		4640201	1 165 90		1 775 86
	TRANSACT. & BALANCE			1 775.86	0.00	1 775.86

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
660400	****** BANK CHARGES		FRS			
7 7	BANK CHARGES	H 1097	5610000	50 00		50.00
	TRANSACT. & BALANCE			50 00	0.00	50.00

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	****** BANK CHARGES		USD			
28 12	BANK CHARGES		5604001	6 00		6 00
85						
16 1	BANK CHARGES		5604001	5 88		11 88
22 1	BANK CHARGES		5604001	5 88		17 76
18 2	AGIO		5604001	21 52		39 28
20 2	AGIO		5604001	135 68		174 96
25 2	AGIO		5604001	92 53		
25 2	AGIO		5604001	10 00		277 49
28 2	BANK CHARGES		5604001	11 52		289 01
6 3	BANK CHARGES		5604001	5 21		294 22
7 3	BANK CHARGES		5604001	1 74		295 96
11 3	BANK CHARGES		5604001	5 21		301 17
19 3	BANK CHARGES		5604001	5 21		306 38
20 3	AGIO		5604001	88 80		395 18
25 3	AGIO		5604001	15 00		410 18
31 3	CLOSING ENTRIES		5604001	188 77		598 95
2 4	AGIO		5604001	25 00		623 95
3 4	BANK CHARGES		5604001	25 62		
3 4	BANK CHARGES		5604001	1 87		
3 4	BANK CHARGES		5604001	100 00		
3 4	AGIO		5604001	35 00		786 44
9 4	BANK CHARGES		5604001	100 00		886 44
10 4	BANK CHARGES		5604001	210 93		1 097 37
16 4	BANK CHARGES		5604001	5 62		
16 4	BANK CHARGES		5604001	11 24		
16 4	ADJ. BC		5604001	40 00		1 154 23
18 4	BANK CHARGES		5604001	15 00		
18 4	BANK CHARGES		5604001	5 62		1 174 85
19 4	AGIO		5604001	75 00		1 249 85
23 4	BANK CHARGES		5604001	1 87		1 251 72
25 4	BANK CHARGES		5604001	5 62		
25 4	BANK CHARGES		5604001	55 62		
25 4	BANK CHARGES		5604001	2 71		1 315 67
29 4	AGIO		5604001	35 00		1 350 67

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A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
440401	BANK CHARGES	(SUITE)			
3 5	PMT SAFE SBS SFR 550.--	5604001	210 33		1 561 00
6 5	BANK CHARGES	5604001	5 77		
6 5	AGIO	5604001	40 00		1 606 77
7 5	BANK CHARGES	5604001	5 57		1 612 34
8 5	BANK CHARGES	5604001	5.77		1 618.11
9 5	BANK CHARGES	5604001	5 77		
9 5	BANK CHARGES	5604001	10 00		
9 5	ADJ. BC	5604001	5.77		1 639 65
17 5	BANK CHARGES	5604001	5 77		
17 5	ADJ. BC	5604001	20 00		1 665 42
21 5	BANK CHARGES	5604001	5 77		1 671 19
22 5	BANK CHARGES	5604001	17 97		1 689 16
30 5	BANK CHARGES	5604001	11 54		
30 5	BANK CHARGES	5604001	5 77		
30 5	BANK CHARGES	5604001	5 77		1 712 24
6 6	BANK CHARGES	5604001	3 08		1 715 32
7 6	BANK CHARGES	5604001	5 77		
7 6	BANK CHARGES	5604001	15 00		1 736 09
10 6	BANK CHARGES	5604001	11 54		1 747 63
17 6	BANK CHARGES	5604001	20 00		1 767.63
18 6	BANK CHARGES	5604001	11 54		
18 6	BANK CHARGES	5604001	5 77		
18 6	BANK CHARGES	5604001	95 00		1 879 94
20 6	BANK CHARGES	5604001	10 00		1 889 94
30 6	CLOSING ENTRIES	5604001	125 84		2 015 78
3 7	BANK CHARGES	5604001	5 91		
3 7	BANK CHARGES	5604001	20 00		2 041 69
5 7	BANK CHARGES	5604001	5 91		2 047 60
10 7	BANK CHARGES	5604001	25 91		2 073 51
11 7	BANK CHARGES	5604001	5 91		2 079 42
15 7	BANK CHARGES	5604001	5.91		2 085 33
16 7	BANK CHARGES	5604001	2 94		
16 7	BANK CHARGES	5604001	2 15		2 090 42
18 7	BANK CHARGES	5604001	85 11		2 175 53
19 7	BANK CHARGES	5604001	35 00		
19 7	TRANSFER TO SBS GVA	5604001	1 97		2 212 50

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A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES		(SUITE)			
22 7	BANK CHARGES		5604001	5 91		2 218 41
23 7	BANK CHARGES		5604001	1 97		2 220 38
24 7	BANK CHARGES		5604001	1 97		2 222 35
16 8	BANK CHARGES		5604001	12 50		2 234 85
28 8	AGIO		5600001	60 00		
28 8	BANK CHARGES		5600001	6 55		2 301 40
29 8	BANK CHARGES		5600001	3 10		2 304 50
30 8	BANK CHARGES		5600001	6 55		2 311 05
3 9	AGIO		5600001	75 00		2 386 05
11 9	BANK CHARGES		5600001	6 64		
11 9	BANK CHARGES		5600001	290 00		
11 9	CO ON L/C		5600001	1 720 00		
11 9	BANK CHARGES		5600001	6 64		4 409 33
13 9	BANK CHARGES		5600001	2 92		4 412 25
17 9	AGIO		5600001	50 00		4 462 25
20 9	BANK CHARGES		5600001	2 96		
20 9	BANK CHARGES		5600001	6 64		4 471 85
23 9	BANK CHARGES		5600001	3 18		
23 9	BANK CHARGES		5600001	256 64		
23 9	BANK CHARGES		5600001	10 00		4 741 67
30 9	BANK CHARGES		5600001	6 64		
30 9	CLOSING ENTRIES		5600001	16 76		
30 9	CLOSING ENTRIES		5604001	1 659 70		6 474 77
1 10	BANK CHARGES		5600001	6 64		
1 10	BANK CHARGES		5600001	2 21		
1 10	BANK CHARGES		5600001	2 16		
1 10	BANK CHARGES		5600001	3 16		6 492 94
4 10	BANK CHARGES		5600001	15 82		6 453 76
15 10	BANK CHARGES		5600001	45 00		
15 10	BANK CHARGES		5600001	3 23		6 501 99
21 10	BANK CHARGES		5600001	6 91		
21 10	BANK CHARGES		5600001	15 82		
21 10	BANK CHARGES		5600001	6 91		6 529 63
23 10	AGIO		5600001	45 00		6 574 63
25 10	BANK CHARGES		5600001	3 26		
25 10	BANK CHARGES		5605001	5 42		6 583 31

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES		(SUITE)			
28 10	BANK CHARGES	5600001		9 22		6 592 53
12 11	BANK CHARGES	5600001		3 27		
12 11	AGIO	5600001		35 00		6 630 80
14 11	BANK CHARGES	5600001		7 01		
14 11	BANK CHARGES	5600001		7 01		6 644 82
15 11	BANK CHARGES	5600001		7.01		
15 11	BANK CHARGES	5600001		1 87		
15 11	BANK CHARGES	5600001		1 87		
15 11	BANK CHARGES	5600001		30.37		6 685.94
18 11	BANK CHARGES	5600001		7.01		
18 11	BANK CHARGES	5600001		7 01		6 699 96
22 11	BANK CHARGES	5600001		7 01		
22 11	BANK CHARGES	5600001		1 152 01		7 858.98
29 11	BANK CHARGES	5600001		1 87		7 860 85
6 12	BANK CHARGES	5601001		7 21		7 868.06
10 12	BANK CHARGES	5601001		7 21		7 875 27
13 12	BANK CHARGES	5601001		5 00		7 880 27
18 12	AGIO	5600001		12 70		7 892.97
20 12	BANK CHARGES	5600001		7 21		7 900 18
31 12	CLOSING ENTRIES	5600001		379.17		
31 12	ADJ.	5600001		0 01		8 279.36
86						
7 1	BANK CHARGES	5601001		3.35		8 282.71
10 1	BANK CHARGES	5600001		31 95		8 314.66
22 1	BANK CHARGES	5600001		124 15		8 438 81
27 1	BANK CHARGES	5600001		2 39		8 441 20
30 1	BANK CHARGES	5601001		3 49		8 444 69
31 1	BANK CHARGES	5601001		23 92		8 468 61
3 2	BANK CHARGES	5601001		10 00		8 478 61
10 2	BANK CHARGES	5600001		2.50		8 481 11
11 2	BANK CHARGES	5600001		2 50		8 483 61
17 2	BANK CHARGES	5600001		5.17		
17 2	BANK CHARGES	5600001		25 00		
17 2	BANK CHARGES	5600001		25.00		
17 2	BANK CHARGES	5600001		7.50		
17 2	BANK CHARGES	5600001		7.50		

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES		(SUITE)			
17 2	BANK CHARGES		5600001	15 00		8 588 78
18 2	BANK CHARGES		5601001	50 00		
18 2	BANK CHARGES		5600001	150 00		
18 2	BANK CHARGES		*5600001	125 00		8 893 78
20 2	BANK CHARGES		5601001	10 00		8 903 78
26 2	BANK CHARGES		5601001	7 50		
26 2	BANK CHARGES		5600001	7 50		8 918 78
27 2	BANK CHARGES		5601001	2 50		8 921 28
4 3	BANK CHARGES		5601001	15 00		8 936 28
5 3	BANK CHARGES		5602001	25 00		
5 3	BANK CHARGES		5600001	7 93		8 969 26
6 3	AGIOS		5600001	15 000 00		23 969 26
11 3	BANK CHARGES		5600001	2 66		23 971 92
17 3	BANK CHARGES		5602001	26 60		23 998 52
18 3	BANK CHARGES		5602001	420 00		
18 3	BANK CHARGES		5602001	750 00		
18 3	BANK CHARGES		5600001	15 96		25 184 48
21 3	BANK CHARGES		5602001	26 60		
21 3	BANK CHARGES		5602001	7 98		25 219 06
25 3	BANK CHARGES		5601001	3 64		
25 3	BANK CHARGES		5602001	10 64		25 233 34
27 3	DEBIT INTEREST		5600001	765 50		
27 3	DEBIT INTEREST		5602001	1 241 22		27 440 06
31 3	DEBIT INTEREST		5600001	171 96		27 612 02
3 4	BANK CHARGES ON CSF TRANSFER		5602001	6 10		
3 4	BANK CHARGES		5602001	7 81		
3 4	BANK CHARGES		5602001	100 00		
3 4	BANK CHARGES		5602001	7 81		27 731 74
7 4	BANK CHARGES		5602001	2 60		27 734 34
9 4	BANK CHARGES		5602001	5 11		27 741 45
10 4	BANK CHARGES		5602001	2 60		
10 4	BANK CHARGES VERST CASH GOLF		999901	1 250 00		
10 4	BANK CHARGES		5602001		0 01	
10 4	BANK CHARGES		5602001		0 01	28 994 03
14 4	BANK CHARGES		5602001	7 81		
14 4	BANK CHARGES		5602001	7 81		

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A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401		BANK CHARGES		(SUITE)			
14	4	BANK CHARGES	5602001		7 81		29 017 46
17	4	BANK CHARGES	5606001		2 60		
17	4	BANK CHARGES	5606001		364 72		
17	4	BANK CHARGES	5606001		1 000 00		
17	4	BANK CHARGES	5602001		5 30		
17	4	BANK CHARGES	5608001		15 00		
17	4	BANK CHARGES	5609001		7 81		
17	4	BANK CHARGES	5609001		7 81		
17	4	BANK CHARGES	5609001		3 74		
17	4	BANK CHARGES	5606001		75 00		
17	4	BANK CHARGES	5606001		120 03		
17	4	BANK CHARGES	999901		1 000 00		
17	4	AGIOS	999901		5 225 00		34 844.47
18	4	BANK CHARGES	5606001		26 04		
18	4	BC REIMBT	5602001			10 64	
18	4	BANK CHARGES	5609001		95 00		34 954 87
21	4	BANK CHARGES	5609001		7 81		34 962 68
28	4	BANK CHARGES	5606001		2 60		
28	4	CIE SERV. FID. BANK CHARGES	5606001		39 00		
28	4	BANK CHARGES	5606001		7 81		
28	4	AGIOS	5606001		25 00		35 037 09
29	4	BANK CHARGES	5606001		3 89		35 040 98
30	4	BANK CHARGES	5606001		15 63		
30	4	BANK CHARGES	5606001		15 63		35 072 24
1	5	BANK CHARGES	5603001		8 13		
1	5	BANK CHARGES	5606001		200 00		
1	5	BANK CHARGES	5606001		8 38		35 288 75
2	5	BANK CHARGES	5606001		8 12		35 296 87
5	5	BANK CHARGES	5606001		8 38		
5	5	CIE SERV. FID. BANK CHARGES	5606001		200 00		35 505 25
7	5	BANK CHARGES	5603001		8 16		
7	5	BANK CHARGES	5603001		18 38		
7	5	BANK CHARGES	5606001		1 545 23		37 077 02
13	5	BANK CHARGES	5606001		15 00		37 092 02
15	5	BANK CHARGES	5608001		2 79		37 094 81
16	5	BANK CHARGES	5606001		8 38		

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A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
40401	BANK CHARGES	(SUITE)			
16 5	BANK CHARGES	5800001	562 00		
16 5	BANK CHARGES	700001		562 00	37 103 19
20 5	BANK CHARGES	5607001	2 79		
20 5	BANK CHARGES	5609001	8 38		
20 5	BANK CHARGES	5609001	27 93		
20 5	BANK CHARGES	5606001	8 38		37 150 67
21 5	BANK CHARGES	5603001	13 00		
21 5	BANK CHARGES	5606001	2 23		
21 5	BANK CHARGES	5606001	2 23		
21 5	BANK CHARGES	5606001	2 23		
21 5	BC RE TR TO ALBION	5602001	200.00		38 070 36
22 5	CSF COMMISSION	5608001	155 50		38 225 86
23 5	BANK CHARGES	5603001	2 23		
23 5	BANK CHARGES	5608001	2 79		
23 5	BANK CHARGES	5603001	8 38		
23 5	BANK CHARGES	5608001	8 38		
23 5	BANK CHARGES	5608001	2 79		38 251 93
27 5	BANK CHARGES	5607001	25 00		
27 5	BANK CHARGES	5608001	16 50		38 293 43
28 5	BANK CHARGES	5608001	8 38		
28 5	BANK CHARGES	5608001	2 23		38 304 04
4 6	BANK CHARGES	5606001	16 04		
4 6	BANK CHARGES	5606001	16 04		
4 6	BANK CHARGES	5606001	1 76		38 339 88
5 6	BANK CHARGES	5603001	8.02		38 347.90
6 6	CIE SERV. FID FRAIS	5608001	112.00		
6 6	BANK CHARGES	5603001	3 85		38 463 75
7 6	BANK CHARGES	5606001	8 40		38 472.15
13 6	BANK CHARGES	5603001	8.24		38 480 39
16 6	BANK CHARGES	5607001	3 48		38 484 27
18 6	COMMISSION	5608001	5 500 00		
18 6	BANK CHARGES	5606001	8 02		
18 6	BANK CHARGES	5606001	8 02		
18 6	BANK CHARGES	5608001	8 02		44 008 33
20 6	BANK CHARGES	5607001	2 67		
20 6	BANK CHARGES	5606001	8 02		44 019 02

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
60	0401 BANK CHARGES		(SUITE)			
. .	6 BANK CHARGES		5609001	2 67		44 021 69
.	6 BANK CHARGES		5603001	8 02		44 029 71
.	6 BANK CHARGES		5607001	8 02		
27	6 BANK CHARGES		5609001	8 02		44 045.75
30	6 BANK CHARGES		5609001	8.02		
30	6 BANK CHARGES		5603001	8.02		
30	6 BANK CHARGES		5606001	3 93		
30	6 CLOSING ENTRIES		5603001	489 29		
30	6 CLOSING ENTRIES		5606001	1 375 48		
30	6 CLOSING ENTRIES		5607001	9 78		
30	6 CLOSING ENTRIES		5608001	2 250 81		
0	6 CLOSING ENTRIES		5609001	15 221 81		
0	6 BANK CHARGES		5606001	6 91		63 399 52
1	7 BANK CHARGES		5603001	5 67		
1	7 BANK CHARGES		5607001	2 67		63 407 86
2	7 BANK CHARGES		5608001	27 32		
2	7 BANK CHARGES		5608001	27 32		63 462 50
3	7 BANK CHARGES		5607001	8 20		63 470 70
7	7 BANK CHARGES		5606001	8 20		
7	7 BANK CHARGES		5606001	8 20		
7	7 BANK CHARGES		5609001	8 20		
7	7 BANK CHARGES		5609001	8 20		
7	7 CLOSING ENTRIES		5609001	94 85		
7	7 BANK CHARGES		5603001	5 70		63 603 91
8	7 BANK CHARGES		5603001	8 20		63 612 11
9	7 BANK CHARGES		5603001	8 20		63 620 31
14	7 BANK CHARGES		5603001	16 39		
14	7 BANK CHARGES		5608001	25 00		
14	7 BANK CHARGES		5608001	25 00		63 686 70
16	7 BANK CHARGES		5603001	2 75		
16	7 BANK CHARGES		5603001	8 20		
16	7 BANK CHARGES		5602001	5 76		63 701 41
18	7 BANK CHARGES		5606001	11 56		
18	7 BANK CHARGES		5608001	1 149 94		64 864 91
22	7 BANK CHARGES		5606001	5 88		64 870 79
23	7 BANK CHARGES		5603001	8 20		64 878 99

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A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES		(SUITE)			
24 7	BANK CHARGES	5606001		2 94		
24 7	BANK CHARGES	5606001		8 20		
24 7	BANK CHARGES	5606001		8 20		64 878 33
25 7	BANK CHARGES	5603001		5 75		
25 7	BANK CHARGES	5609001		5 46		64 909 54
28 7	BANK CHARGES	5603001		8 20		
28 7	BANK CHARGES	5608001		2 73		64 920 47
30 7	BANK CHARGES	5609001		2 19		
30 7	BANK CHARGES	5609001		27 32		
30 7	BANK CHARGES	5609001		8 20		64 958 18
31 7	BANK CHARGES	5603001		5 70		
31 7	BANK CHARGES	5609001		200 00		65 166 38
1 8	BANK CHARGES	5609001		8 20		65 174 58
5 8	BANK CHARGES	5609001		2 98		65 177 56
20 8	CSF - DAVCO ASSOCIATES - BC	5606001		15 00		
20 8	BANK CHARGES	5606001		25 80		65 217 56
21 8	BANK CHARGES	5606001		8 93		
21 8	BANK CHARGES	5603001		8 93		65 235 42
22 8	CSF CHARGES	5609001		15 00		
22 8	BANK CHARGES	5609001		8 93		
22 8	BANK CHARGES	5609001		8 93		
22 8	BANK CHARGES	5603001		5 95		
22 8	BANK CHARGES	5607001		5 95		65 280 18
25 8	BANK CHARGES	5607001		8 93		
25 8	BANK CHARGES	5603001		8 93		
25 8	BANK CHARGES	5607001		17 86		
25 8	BANK CHARGES	5607001		17 86		65 353 76
26 8	BANK CHARGES	5607001		46 70		65 380 46
27 8	BANK CHARGES	5607001		2 98		65 383 44
28 8	BANK CHARGES	5603001		2 38		65 385 82
1 9	BANK CHARGES	5607001		3 05		65 388 85
3 9	BANK CHARGES	5607001		41 09		
3 9	BANK CHARGES	5607001		6 15		65 436 09
5 9	BANK CHARGES	5607001		6 13		
5 9	BANK CHARGES	5607001		2 42		65 444 64
9 9	BANK CHARGES	5607001		18 18		

9016 H

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES		(SUITE)			
9 9	BANK CHARGES		5607001	18 18		65 481.00
11 9	BANK CHARGES		5607001	9 09		65 490 09
12 9	BANK CHARGES		5607001	5 93		
12 9	BANK CHARGES - SERFID	H 1107	5607001	50 00		
12 9	BANK CHARGES		5607001	9 09		65 555.11
17 9	BANK CHARGES		5607001	9 09		65 564.20
18 9	BANK CHARGES		5607001	10 00		65 574.20
23 9	BANK CHARGES		5609001	35 00		65 609 20
24 9	BANK CHARGES		5606001	25 00		
24 9	BANK CHARGES		5608001	6 09		
24 9	BANK CHARGES		5603001	6 12		65 646 41
25 9	BANK CHARGES		5607001	9 09		
25 9	BANK CHARGES		5608001	6 09		65 661 59
26 9	BANK CHARGES		5606001	9 09		
26 9	BANK CHARGES		5603001	9 09		
26 9	BANK CHARGES		5609001	30 30		
26 9	BANK CHARGES		5609001	9 09		65 719 16
27 9	BANK CHARGES		5603001	9 09		65 728 25
29 9	BANK CHARGES		5608001	3 03		65 731 28
30 9	BANK CHARGES TRIM		5606001	215 94		
30 9	BANK CHARGES TRIM		5609001	153 72		
30 9	BANK CHARGES TRIM		5608001	69[illegible] 05		66 792 59
2 10	BANK CHARGES		5608001	6 13		66 799 12
3 10	REIMBURSEMENT CIE SERV FID BK CH		5608001	100 00		66 899 12
6 10	BANK CHARGES		5608001	6 18		
6 10	BANK CHARGES		5608001	5 18		
6 10	BANK CHARGES		5606001	9 09		
6 10	BANK CHARGES COMPLT		5603001	10 00		
6 10	BANK CHARGES COMPLT		5608001	30 00		66 944 57
8 10	BANK CHARGES		5608001	9 09		66 953 66
14 10	BANK CHARGES		5603001	9 09		
14 10	REIMBURSEMENT CSF		5608001		10 00	66 952 75
15 10	BANK CHARGES		5608001	30 00		
15 10	BANK CHARGES		5603001	9 09		66 991 84
17 10	BANK CHARGES		*5609001	88 00		
17 10	BANK CHARGES		5609001	14 25		67 094 09

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
540401	BANK CHARGES (SUITE)					
20 10	BANK CHARGES		5608001	3.03		67 097.12
22 10	BANK CHARGES		5608001	50.00		
22 10	BANK CHARGES		5608001	6.18		67 153.30
23 10	CANCELL. REIMBT CAHS BANK CHARGES		640201		13.00	67 140.30
24 10	BANK CHARGES		5603001	6.04		67 146.34
27 10	BANK CHARGES		5608001	200.00		
27 10	BANK CHARGES		5603001	2.42		67 348.76
28 10	BANK CHARGES		5608001	3.03		
28 10	BANK CHARGES		5608001	30.00		67 381.79
29 10	BANK CHARGES		5608001	3.03		
29 10	BANK CHARGES		5608001	66.93		67 451.75
3 11	BANK CHARGES		5608001	50.00		
3 11	BANK CHARGES		5608001	5.87		67 507.62
5 11	BANK CHARGES		5608001	30.12		
5 11	BANK CHARGES		5608001	30.12		
5 11	BANK CHARGES		5608001	50.00		67 617.86
6 11	BANK CHARGES		5608001	9.04		67 626.90
14 11	BANK CHARGES		5609001	21.57		67 648.47
18 11	BANK CHARGES		5608001	15.00		
18 11	BANK CHARGES		5608001	20.00		67 683.47
25 11	BC		5608001	5.95		
25 11	BANK CHARGES		5608001	3.01		
25 11	BANK CHARGES		5608001	50.00		
25 11	BANK CHARGES		5603001	6.07		67 768.45
28 11	BANK CHARGES		5608001	9.04		
28 11	BANK CHARGES		5603001	9.04		67 766.53
4 12	BANK CHARGES		5608001	9.15		67 775.68
	TRANSACT. & BALANCE			8 571.34	595.66	67 775.68

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
				D M			
640403	****** BANK CHARGES						
20 5	CSF INV. COM DM 5806 25	890103	2 645 40+		5 806 25		
86							
20 5	BANK CHARGES	5603003			18 02		5 824 27
30 6	CLOSING ENTRIES	5603003			55 34		5 879 61
	TRANSACT & BALANCE		2 645 40+		5 879 61	0 00	5 879 61

4203 ALBERT HAKIM 86 12 10 PAGE 1

LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640500	****** MANAGEMENT FEES		FRS			
	TRANSACT. & BALANCE			0.00	0.00	0.00

86 12 10 PAGE 1

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
640501	****** MANAGEMENT FEES		US$			
8 1	MANAGEMENT FEES 4TH QTR 85	H 7171	5601001	882 45		882 45
	TRANSACT. & BALANCE			882.45	0.00	882 45

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
650000	****** TAXES		FRS			
3 10	ADMINISTRATION FISCALE CANTONALE	5610000		128 20		128 20
	TRANSACT. & BALANCE			128 20	0 00	128 20

H 11112

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
650001	****** TAXES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0 00

H 7173

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
700001	****** MONEY RECEIVED UNIDENTIFY		US$			
21 12	TR FROM BANCAMERICA INT		5604001		425 000 00	425 000 00-
85						
7 1	TRANSFER FROM AMERICAN EXPRESS		5604001		96 450 00	521 450 00-
16 1	TR FROM AMERICAN EXPRESS		5604001		337 000 00	858 450 00-
17 1	TRANSFER FROM CBS ZURICH		5604001		326 543 50	1 184 993 50-
29 1	TRANSFER FROM AMERICAN EXPRESS		5604001		138 000 00	1 322 993 50-
5 3	TR FROM BARCLAYS BANK MIAMI		5604001		1 199 923 54	2 522 917 04-
14 3	TR FROM BARCLAYS BANK, MIAMI		5604001		499 909 89	3 022 826 93-
29 3	TR FRM BARCLAYS BANK, GENEVA		5604001		2 999 922 03	6 022 748 96-
10 4	TR FROM BARCLAYS BANK MIAMI		5604001		1 999 903 77	8 022 652 73-
23 4	TR FROM BARCLAYS BANK		5604001		1 199 906 12	9 222 558 85-
2 5	TR FROM BARCLAYS BANK		5604001		246 402 29	9 468 961 14-
21 5	TR FROM BARCLAYS BANK		5604001		80 201 32	9 549 162 46-
31 5	TR FROM BARCLAYS BANK		5604001		299 848 06	9 849 010 52-
5 7	TR FRM BARCLAYS BANK		5604001		549 918.65	10 398 929 17-
21 8	TR FROM JOSEPH COORS		5600001		65 000.00	10 463 929 17-
5 9	CM IBC		5600001		130 000 00	10 593 929 17-
20 9	CHQ UNPAID IBC		5600001	130 000 00		10 463 929 17-
23 9	CM IBC		5600001		129 935 86	10 593 865 03-
4 11	TR FROM BARCLAYS BANK		5600001		149 915 53	10 743 780 56-
20 11	TRANSFER		5600001		1 000 000 00	11 743 780 56-
17 12	TRANSFER		5600001		299 903 08	12 043 683 64
86						
10 1	RECEIVED FRM NATL BK WASH		5600001		60 000 00	12 103 683 64-
22 1	FROM BARCLAYS BANK		5600001		360 000.00	12 463 683 64-
7 2	NEW FUNDS BCCI- MONTE CARLO		5600001		2 500 000.00	14 963 683 64-
10 2	FROM BCCI-CHASE		5600001		2 500 000 00	17 463 683 64-
18 2	CHECK BCCI		5600001		5 000 000 00	22 463 683 64-
15 5	DISCOUNT BK & TRUST		5600001		225 000.00	22 688 683 64-
16 5	DISCOUNT BK & TRUST		5600001		1 460 000 00	
16 5	TRANSFER		5600001	224 438 00		

4203 ALBERT HAKIM

LEDGER FROM 01 01 84 TO 06 12 86 86 12 10 PAGE 3

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
700001	MONEY RECEIVED UNIDENTIFY		(SUITE)			
16 5	BANK CHARGES		640401	562 00		23 923 683 64-
24 9	CASH DEPOSIT		5608001		1 200 000 00	25 123 683 64-
29 10	CHECK DEUTSCHE BK FRANCKF		5608001		3 600 000 00	28 723 683 64-
	TRANSACT & BALANCE			355 000 00 29 078 683 64		28 723 683 64-

4203 ALBERT HAKIM

LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
700201	****** U B S FRIBOURG		US$			
24 7	TRANSFER FROM AUDIFI		5600001		500 000 00	500 000 00-
85						
26 7	TRANSFER FROM AUDIFI		5600001		500 000 00	1 000 000 00-
5 8	TRANSFER FROM AUDIFI		5600001		392 000 00	1 392 000 00-
	TRANSACT & BALANCE			0 00	1 392 000 00	1 392 000 00-

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
700301	****** ALBERT HAKIM		USD			
3 9	CASH RECEIVED	5600001			2 400 00	2 400 00-
	TRANSACT & BALANCE			0 00	2 400 00	2 400 00-

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	US$	DEBIT	CREDIT	BALANCE
700401	****** SAM LOEW						
20 86 18	9 TR FROM SAM LOEW			5600001		1 000 000.00	1 000 000.00-
	2 SAM LOEWE			5600001		1 000 000.00	2 000 000.00-
	TRANSACT. & BALANCE				0.00	2 000 000.00	2 000 000.00-

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
700501	****** I.C INC.	US$				
11 10 85	TR FROM IC INC.	5600001			99 947 68	99 947 68-
18 11 86	TR FROM IC INC	5600001			47 973 65	147 921 33-
15 4	IC INC	5600001			649 852 63	797 773 96-
	TRANSACT. & BALANCE			0 00	797 773 96	797 773 96

H 1120

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
700601	****** SBS PANAMA					
18 7	TR FRM SBS GENEVA		5604001		950 000.00	950 000.00-
	TRANSACT & BALANCE			0.00	950 000.00	950 000.00-

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
700701	****** TRIVERT INT'L			US$			
14 5	TRIVERT INT.		5600001			10 000 000 00	10 000 000.00-
	TRANSACT. & BALANCE				0 00	10 000 000 00	10 000 000 00-

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
700801	****** GARNET OVERSEAS		US$			
16 5	GARNET OVERSEAS	5600001	H		5 000 000.00	5 000 000.00-
	TRANSACT. & BALANCE			0.00	5 000 000.00	5 000 000.00-

1123

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	I	DEBIT	CREDIT	BALANCE
'70001		****** INT EARNED WITH LAKE RESOURCES		05$				
23	2	INTEREST		5604001			1 429.00	1 429.00-
85								
26	8	INTEREST		5600001			5 920.13	7 349.13-
6	9	INTEREST		5600001			2 368.34	9 717.47-
1	10	INTEREST		5600001			802.09	10 519.56-
2	10	INTEREST		5600001			85.94	
2	10	INTEREST		5600001			830.71	11 436.23-
7	10	INTEREST		5600001			2 489.47	13 925.70-
7	11	INTEREST		5600001			2 497.22	
7	11	INTEREST		5600001			5 087.50	21 510.42-
18	11	INTEREST		5600001			1 134.38	22 644.80-
6	12	INTEREST		5600001			2 920.14	25 564.94-
86								
21	2	INTEREST		5600001			993.06	26 558.00-
		TRANSACT & BALANCE				0.00	26 558.00	26 558.00-

H 1124

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

H 1125

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
770101	****** INT EARNED WITH CSF INVESTMENTS US$					
6 1	INTEREST		5601001		2 415.42	2 415.42-
86						
22 1	INTEREST		5601001		9 145.90	11 561.32-
31 1	INTEREST		5601001		292.91	11 854.23-
6 2	INTEREST		5601001		2 358.86	14 213.09-
7 2	INTEREST		5601001		346.35	14 559.44-
11 2	INTEREST		5601001		168.06	14 727.50-
18 2	INTEREST		5601001		1 096.18	15 823.68-
19 2	INTEREST		5601001		103.12	15 926.80-
25 2	INTEREST		5601001		561.46	
25 2	ADJ INT		5601001		20.00	16 488.26-
6 3	INTEREST		5601001		2 128.50	18 616.76-
	TRANSACT & BALANCE			0.00	18 616.76	18 616.76-

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
770201	****** INT EARNED WITH GULF MARKETING US$						
19 2 86	INTEREST		5602001	H 1126		1 006.95	1 006 95-
26 2	INTEREST		5602001	H		7 380 90	8 387 85-
5 3	INTEREST		5602001			7 262.08	15 649 93-
21 5	INTEREST		5602001			21 879.17	37 529 10-
	TRANSACT & BALANCE				0 00	37 529 10	37 529 10-

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
770301	****** INT. EARNED WITH DOLMY BUSINESS	US$	H 1127	0.00	0.00	0.00
	TRANSACT. & BALANCE					

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
770401	****** INT. EARNED WITH ENERGY RESOURCES US$					
23 85	2 ADJ. INT.		5604001		0.59	0 59-
26	3 INTEREST		5604001		3 457.35	3 457 94-
25	4 INTEREST		5604001		18 869.09	22 327 03-
13	5 INTEREST		5604001		11 589.59	33 916 62-
15	5 INTEREST		5604001		676.05	34 592 67-
22	5 INTEREST		5604001		2 099 83	36 692 50-
29	5 INTEREST		5604001		1 830.73	38 523 23-
5	6 ON CALL		5604001		1 805 55	40 328 78-
12	6 INTEREST		5604001		2 109.73	42 438 51-
19	6 INTEREST		5604001		2 109.73	44 548 24-
26	6 INTEREST		5604001		1 916 67	46 464 91-
3	7 INTEREST		5604001		2 062 50	48 527 41-
10	7 INTEREST		5604001		2 078.13	50 605 54-
17	7 INTEREST		5604001		2 473 96	53 079 50-
24	7 INTEREST		5604001		2 196.87	55 276 37-
1	7 INTEREST		5604001		1 175 83	56 452 20-
7	8 INTEREST		5604001		591.07	57 043 27-
	8 INTEREST		5604001		357 71	57 400 98
11	8 INTEREST		5604001		353 28	57 754 26-
28	8 INTEREST		5604001		353 28	58 107 54-
4	9 INTEREST		5604001		353 28	58 460 82-
11	9 INTEREST		5604001		362 14	58 822 96-
17	9 INTEREST		5604001		313 44	59 136 40
	TRANSACT & BALANCE			0 00	59 136 40	59 136 40

1128 H

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4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

1129 M

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
770601	****** INT. EARNED WITH ALBON VALUES	US$				
13 86	3 INTEREST		5606001		4 583.34	4 583.34-
16	4 INTEREST		5606001		18 770.83	23 354.17-
17	4 INTEREST		5606001		500.00	23 854.17-
22	4 INTEREST		5606001		1 900.00	25 754.17-
28	4 INTEREST		5606001		2 005.00	27 759.17-
6	5 INTEREST		5606001		2 373.33	30 132.50-
7	5 INTEREST		5606001		266.67	30 399.17-
12	5 INTEREST		5606001		1 250.00	31 649.17-
15	5 INTEREST		5606001		600.00	32 249.17-
21	5 INTEREST		5606001		988.33	33 237.50-
22	5 INTEREST		5606001		55.00	33 292.50-
28	5 INTEREST		5606001		280.00	33 572.50-
4	6 INTEREST		5606001		291.66	33 864.16-
18	7 INTEREST		5606001		520.83	
18	7 INTEREST		5606001		495.13	34 880.12-
22	7 INTEREST		5606001		253.13	35 133.25-
23	7 INTEREST		5606001		65.63	35 198.88-
24	7 INTEREST		5606001		90.00	
24	7 INTEREST		5606001		50.00	35 338.88-
	TRANSACT. & BALANCE			0.00	35 338.88	35 338.88-

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
770701		****** INT EARNED WITH TOYCO SA	US$				
30	6	INTEREST		5607001		5 784.72	5 784.72-
86							
31	7	INTEREST		5607001		7 465.46	13 250.18-
25	8	INTEREST		5607001		5 379.17	18 629.35-
		TRANSACT. & BALANCE			0.00	18 629.35	18 629.35-

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4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
770801	****** INT EARNED WITH HYDE PARK	US$				
22 5	INTEREST		5608001		5 566.68	5 566.68-
86						
23 5	INTEREST		5608001		900.00	6 466.68-
28 5	INTEREST		5608001		8 641.67	15 108.35-
29 5	INTEREST		5608001		1 341.66	16 450.01-
4 6	INTEREST		5608001		7 991.66	24 441.67-
6 6	INTEREST		5608001		2 633.34	27 075.01-
18 6	INTEREST		5608001		15 600.00	42 675.01-
24 6	INTEREST		5608001		2 000.00	44 675.01-
27 6	INTEREST		5608001		975.00	45 650.01-
2 7	INTEREST		5608001		1 583.34	47 233.35-
7 7	INTEREST		5608001		1 541.67	48 775.02-
14 7	INTEREST		5608001		2 065.00	50 840.02-
15 7	INTEREST		5608001		283.33	51 123.35-
22 7	INTEREST		5608001		271.67	
22 7	INTEREST		5608001		397.22	51 792.24-
24 7	INTEREST		5608001		250.00	52 042.24-
3 10	INT ON CALL		5608001		422.91	52 465.15-
0 10	INTEREST ON CALL		5608001		765.62	53 230.77-
7 10	INTEREST		5608001		548.09	53 778.86-
9 10	INTEREST ON CALL		5608001		405.72	
29 10	INTEREST		5608001		213.55	54 398.13-
30 11	INTEREST		5608001		5 466.70	59 864.83-
	TRANSACT & BALANCE			0.00	59 864.83	59 864.83-

1131 H

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4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

A/C.		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
770901		****** INT EARNED WITH UDALL RESEARCH US$				
23	5	INTEREST	5609001		500.00	500.00-
86						
31	5	INTEREST	5609001		603.99	1 103.99-
30	6	INTEREST	5609001		1 786.46	2 890.45-
31	7	INTEREST	5609001		1 804.69	4 695.14-
4	8	INTEREST	5609001		219.97	4 915.11-
		TRANSACT & BALANCE		0.00	4 915.11	4 915.11-

1132

H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

H 1133

400

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
8	****** FOREX		US$				
890001	****** EQUIVALENT SFR / US$		US$				
28	5 CASH SFR 50000.-	5608001		50 000.00+	26 525.20		26 525.20
	TRANSACT. & BALANCE			50 000.00+	26 525.20	0.00	26 525.20

H 1134

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
40100	****** FOREX POSITION SFR		FRS				
28 5	DEPOSIT	5610000		26 525 20-		50 000.00	50 000 00-
	TRANSACT. & BALANCE			26 525.20-	0 00	50 000.00	50 000.00-

H 1135

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
290103	****** FOREX POSITION DM	D.M				
20 5 86	CSF INV. COM. DM 5806.25	640403	2 645.40-		5 806.25	5 806.25-
21 5	CHANGE $ DM FFR CSF INV.	5603003	50 259.50-		110 318.75	116 125.00-
4 7	CLOSING DM ACCT	5603003	33.88-		73.36	116 198.36-
	TRANSACT. & BALANCE		52 938 78-	0 00	116 198.36	116 198.36-

1136

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
90301	****** EQUIVALENT DM / US$		US$				
20 5	CSF INV 116125DM+5806.25 AT 2 19	5603001		116 125 00+	52 904 90		52 904.90
86							
4 7	CLOSING DM ACCT	5603001		73 36+	33 88		52 938.78
	TRANSACT. & BALANCE			116 198.36+	52 938 78	0.00	52 938 78

H 1137

404

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

H 1138

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
999900	****** TRANSIT ACCOUNTS		FRS			
	TRANSACT & BALANCE			0.00	0.00	0.00

H 1139

4203 ALBERT HAKIM — 86 12 10 PAGE 1

LEDGER — FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
¥99901	****** TRANSIT ACCOUNTS	US$				
18 Z	CASH WITHDRAWAL		4999001		5 000.00	5 000.00-
20 Z	CASH WITHDRAWAL		4999001		22 000.00	27 000.00-
25 Z	CASH WITHDRAWAL		5604001	15 000.00		12 000.00-
16 4	TR TO LEE YUN		4999001		3 000.00	15 000.00-
24 4	CHQ K. PHILLIPS		4999001		5 000.00	20 000.00-
10 6	TR TO BK OF KOREA		4999001		5 000.00	25 000.00-
14 11	TR TO SCITECH		4999001		67 340.00	92 340.00-
85						
7 Z	TR TO KOREL		4999001		165 000.00	257 340.00-
20 Z	CASH WITHDRAWAL		4999001		20 000.00	277 340.00-
20 3	CASH WITHDRAWAL		4999001		3 000.00	280 340.00-
25 3	CASH WITHDRAWAL		4999001		3 000.00	
25 3	TR TO KHALID RASHID		4999001		31 817.00	315 157.00-
2 4	CASH WITHDRAWAL		4999001		5 000.00	320 157.00-
3 4	TR TO BARCLAYS BANK CALIF		4999001		10 000.00	
3 4	CASH WITHDRAWAL		4999001		7 000.00	
3 4	TRANSFER		5604001	20 000.00		317 157.00-
9 4	TR TO BANK OF AMERICA		4999001		12 800.00	329 957.00-
10 4	CHQ TO T GREEN		4999001		45 000.00	374 957.00-
12 4	TR TO RVS		4999001		101 926.78	
12 4	TR TO RVS		4999001		118 336.00	595 219.78-
16 4	TR TO ALBERT HAKIM		4999001		50 000.00	
16 4	TRANSFER		5604001	20 000.00		625 219.78-
18 4	TRANSFER TO DEFEX		603101	37 030.00		
18 4	TR TO R. GOODING		4999001		37 030.00	625 219.78-
19 4	CASH ADVANCE		5604001	15 000.00		610 219.78-
29 4	CASH WITHDRAWAL		4999001		7 000.00	617 219.78-
6 5	CASH WITHDRAWAL		4999001		5 000.00	
6 5	CASH WITHDRAWAL		4999001		5 000.00	625 219.78-
7 5	TR TO CS PARIS		5604001	115 000.00		509 219.78-
16 5	TR TO 6006		603401	434 742.12		
16 5	TRANSFER TO DEFEX		604001	150 000.00		75 522.34
17 5	TR TO FIRST AMERICAN BK.		5604001	90 000.00		165 522.34
21 5	TR TO CIE DE SERV FID RE LO		4999001		250 000.00	84 477.66-

H 1140

407

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
999901	TRANSIT ACCOUNTS		(SUITE)			
24 5	PMT HOTEL INTERCON SFR 578		4999001		224 12	84 701 78-
30 5	TR TO BK OF KOREA		4999001		50 000 00	134 701 78
7 6	TR TO A HAKIM		4999001		30 000.00	164 701.78-
17 6	TRANSFER TO DEFEX		603001	3 000 00		
17 6	FUNDS RETURNED UNPAID		4999001	50 000 00		111 701 78-
18 6	TRANSFER TO DEFEX		603001	50 000 00		
18 6	TR TO BK OF KOREA		4999001		45 000.00	106 701 78-
3 7	CASH WITHDRAWAL		4999001		420 17	
3 7	CASH WITHDRAWAL		4999001		210 08	
3 7	TR TO FIRST AMERICAN BK		5604001	25 000 00		82 332 03-
5 7	TR TO AH THRU RNB		4999001		20 050.00	102 382 03-
10 7	TR TO PHILLIPS		4999001		4 000.00	106 382.03-
15 7	CASH WITHDRAWAL		4999001		20 300 00	126 682 03-
16 7	CASH WITHDRAWAL		4999001		2 500 00	
16 7	CASH WITHDRAWAL		4999001		2 500 00	
16 7	WITHDRAWAL US$ NOTES		5604001	206 090 35		74 408.32
19 7	CASH WITHDRAWAL		4999001		7 000 00	67 408 32
22 7	TR TO LOS GATOS		4999001		75 000.00	7 591 68-
16 8	CASH WITHDRAWAL		4999001		2 943 46	10 535 14-
28 8	TRANSFER TO DEFEX		601601	48 560 00		
28 8	CASH WITHDRAWAL		4999001		10 000.00	
28 8	TRANSFER		4999001		48 560.00	20 535 14-
3 9	CASH WITHDRAWAL		4999001		7 000 00	27 535 14-
17 9	CASH WITHDRAWAL		4999001		10 000 00	
17 9	CASH WITHDRAWAL MASOUDI		4999001		2 000 00	39 535 14-
20 9	CHQ K PHILLIPS		4999001		2 000 00	
20 9	CHQ K. PHILLIPS		4999001	0 00		41 535 14-
23 9	TRANSFER TO DEFEX		602301	9 500 00		
23 9	CASH WITHDRAWAL		4999001		11 500.00	
23 9	CHQ KEUN SIK WON		4999001		9 500.00	54 035 14-
24 9	CASH WITHDRAWAL		4999001		5 000.30	58 035.44-
1 10	CHQ K PHILLIPS		4999001		2 000.00	60 035 44-
4 10	CASH SOONI HAKIM		4999001		1 500.00	61 535 44-
15 10	CASH WITHDRAWAL		4999001		2 000.00	63 535 44-
23 10	CASH WITHDRAWAL		4999001		9 000 00	72 535.44-
25 10	CHQ K. PHILLIPS		4999001		2 000.00	74 535.44-

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
999901	TRANSIT ACCOUNTS		(SUITE)			
28 10	CASH WITHDRAWAL		4999001		102 000.00	176 535 44-
7 11	CASH WITHDRAWAL SFR 2000.-		4999001		943.40	177 478 84-
12 11	CASH WITHDRAWAL		4999001		7 000.00	184 478 84-
14 11	TR TO CIE DE SERV FID RE AH		4999001		43 030.00	227 508 84-
15 11	TR TO CIE DE SERV FID RE AH		4999001		20 000.00	
15 11	CASH WITHDRAWAL		4999001		25 000.00	272 508 84-
18 11	TRANSFER FROM LAKE RES.		5601001		80 000.00	
18 11	TRANSFER TO CSF INV LTD		5600001	80 000.00		272 508 84-
22 11	TRANSFER FROM LAKE RES.		5601001		870 000.00	
22 11	TRANSFER TO CSF INV. LTD		5600001	870 000.00		
22 11	CASH WITHDRAWAL		4999001		21 470.00	293 978 84-
25 11	TRANSFER TO DEFEX		601201	17 000.00		
25 11	CHQ K PHILLIPS		4999001		2 000.00	278 978 84-
3 12	PMT VITA ZURICH SFR 19844.80		4999001		9 529.32	
3 12	PMT VITA ZURICH SFR 8'332.-		4999001		4 000.96	292 509.12-
6 12	TRANSFER FROM LAKE RES		5601001		390 000.00	
6 12	TRANSFER TO CSF INV LTD		5600001	390 000.00		292 509.12-
16 12	CASH WITHDRAWAL SFR 5000 -		4999001		2 386.63	294 895.75-
17 12	BAL OF ACCT PHASE I-II-III		4999001		82 031.09	
17 12	PROFIT DISTRIBUTION PHASE IV		4999001		100 800.00	
17 12	PROFIT DISTRIBUTION PHASE IV		4999001		100 800.00	
17 12	REF CHQ K PHILLIPS		4999001	2 000.00		
17 12	PROFIT DISTRIBUTION PHASE IV		5601001	50 400.00		526 126.84-
20 12	TRANSFER FROM LAKE RES		5601001		299 000.00	
20 12	TRANSFER TO CSF INV. LTD		5600001	299 000.00		526 126 84-
86						
21 1	TRANSFER TO DEFEX		601201	20 000.00		
21 1	TR TO HOWARD RICE		4999001		20 000.00	526 126 84-
6 2	TR TO SCITECH		4999001		100 000.00	626 126 84-
7 2	TR TO A. HAKIM		4999001		165 000.00	791 126 84-
13 2	TRANSFER TO DEFEX		601501	60 000.00		
13 2	CHQ TO A. GREEN		4999001		35 000.00	746 126 84
18 2	TRANSFER		5600001	15 000.00		731 126 84-
19 2	CASH WITHDRAWAL		4999001		1 351.42	732 478.26-
26 2	TRANSFER TO DEFEX		601701	1 670.50		
26 2	TRANSFER TO SHARP GREEN & LANK FO		4999001		1 670.50	732 478.26-

H 1142

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
999901	TRANSIT ACCOUNTS		(SUITE)			
5	3 CASH WITHDRAWAL		5602001	5 000 000 00		
5	3 CSF INV AH/SUB. A/C		600201		2 000 000.00	
5	3 CSF INV. AH/SUB A/C		4999001		2 000 000.00	267 521 74
6	3 DEPOSIT (5605830.- SFR)		5606001		3 000 000.00	2 732 478 26-
18	3 CIE SRV FID CASH AH		4999001		28 000.00	
18	3 CSF INV CASH AH		4999001		50 000.00	2 810 478 26-
10	4 CASH DEPOSIT		5602001		248 750 00	
10	4 BANK CHARGES VERST CASH GULF		640401		1 250 00	3 060 478 26-
14	4 TRANSFER		5602001	25 000.00		3 035 478.26-
15	4 CASH DEPOSIT		5602001		199 000.00	3 234 478 26-
17	4 WITH TR TO UDALL		5600001	3 225 00		
17	4 CSF INV LTD WITH CASH		5606001	450 000 00		
17	4 BANK CHARGES		640401		1 000.00	
17	4 AGIOS		640401		3 225.00	
17	4 TR FROM 6032		600601		2 385 261.75	
17	4 TR TO 6006		603201	2 385 261 75		
17	4 AH SFR 136734 YU		4999001		72 580.00	
17	4 CASH ALBERT HAKIM		4999001		3 000.00	
17	4 CSF INV. LTD		4999001		15 000.00	2 876 058.26-
18	4 CSF REIMBT KHALID KASHID		4999001	31 817.00		2 844 241.26-
22	4 REIMBT DEFEX		5602001		25 000.00	2 869 241.26-
28	4 CASH PASSPORT USA		4999001		4 975.00	
28	4 CSF CHQ RVS		4999001		28 111.00	2 902 327.26-
2	5 TRANSFER		5606001	2 274 80		2 900 052 46-
16	5 CASH WITHDRAWAL		5600001	224 438 00		
16	5 WITHDRAWAL CASH FROM LAKE		600001		224 438.00	
16	5 TR FROM 6034		600601		434 742.12	
16	5 TR TO TAA		4999001		150 000.00	3 484 794 58-
20	5 TRANSFER TO DEFEX		600301	447 373 66		
20	5 TRANSFER TO DEFEX		604901	200 000 00		
20	5 CIE SERV FID AH		4999001		26 490.00	
20	5 CSF RVS		4999001		26 490.00	
20	5 CIE SERV FID SCITECH		4999001		8 833.00	
20	5 CSF INV RE BUTTON		4999001		200 000.00	
20	5 TRANSFER		5606001	26 490 00		3 072 743.72-
21	5 CASH WITHDRAWAL		5600001	260 000 00		

1143

410

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86 — 86 12 10 — PAGE 5

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
/901	TRANSIT ACCOUNTS	(SUITE)			
21 5	WITHDRAWAL CASH FROM LAKE	600001			
21 5	CSF INV AH SUB A/C 1	4999001		260 000.00	
21 5	CASH WITHDRAWAL	4999001		10 000.00	
22 5	CSF INV. RE SCITECH	4999001		60 300.00	3 143 043.72-
23 5	CIE DE SERV FID RE AH	4999001		100 000.00	3 243 043.72-
27 5	CASH	4999001		500 000.00	3 743 043.72-
3 6	TRANSFER TO DEFEX	600001		10 000.00	3 753 043.72-
3 6	TRANSFER TO DEFEX	601301	3 724 242.87		
3 6	TRANSFER TO DEFEX	601401	300 563.00		
3 6	TRANSFER TO DEFEX	[illegible]	244 167.00		
3 6	TR TO CSF INV. RE AH	4999001	79 167.00		
3 6	TR TO CSF INV RE SCITECH	4999001		79 167.00	
3 6	TR TO CSF INV. RE KOREL	4999001		26 390.00	
3 6	TR TO CSF INV RE C TEA	4999001		79 167.00	
30 6	TRANSFER	*		79 167.00	
27 8	UBS FRIBOURG - DEFEX	5607001	861 327.00	[illegible]	
27 8	TRANSFER FROM DEFEX	*		861 327.00	
17 10	PRELEVT CASH	*5609001	2 512.00		2 512.00
13 10	CANCELLATION REIMBT CASH	640201		2 512.00	0.00
	TRANSACT. & BALANCE		17 652 902.25	17 652 902.25	0.00

1144

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C. NAME & DESCRIPTION | DOC NO | CONTRA | DEBIT | CREDIT | BALANCE

GRAND TOTALS

244 393 489 67 | 244 393 489.67 | 0 00

H 1145

064 HAKIM ALBERT

1 01 87 TO 31 05 87

II 02756

Charles cc
Footnote 10

A/C.	DESCRIPTION		TRIAL BALANCE FROM BALANCE	BALANCE CURRENCY	BALANCE US$
	CAPITAL	US$			
	##########				
00001	CAPITAL CONTRIBUTIONS/WITHDRAWALS	US$	8 831.06		8 831.06
01001	CAPITAL INVESTED	US$	258 000.03-		258 000.03-
	TOTAL GROUP				249 168.97-
	ASSETS & LIABILITIES	US$			
	##########				
51801	SECURITIES - MERRILL LYNCH	US$	255 071.00		255 071.00
600001	CASH ACCOUNT	US$	158.64-		158.64-
	TOTAL GROUP				254 912.36
	P/L. NET BALANCE (1-5)				5 743.39
	CHARGES	US$			
	##########				
	TOTAL GROUP				0.00

64 HAKIM ALBERT — TRIAL BALANCE FROM 1 01 87 TO 31 05 87 — II 02757

DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
INCOME	US$			
##################################				
/1101 INTEREST EARNED ON BONDS	US$	4 421.78-		4 421.78-
/2201 INTERE$T EARNED ON DEPOSITS	US$	1 321.61-		1 321.61-
TOTAL GROUP				5 743.39-
TRANSIT ACCOUNTS	US$			
##################################				
TOTAL GROUP				0.00
GRAND TOTALS		0.00		0.00
	SFR	66.1813		
	MKF	22.5734		
	HK$	12.8222		
	$AU	69.9007		

\064 HAKIM ALBERT
SECURITIES T/B. BY DEPOT FROM 01 01 87 TO 31 05 87

A/C.	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
1189A	6.8750 MERRILL LYNCH 8/7/87	87/87	US$	255071+	255 071.00		1.00 0000
	TOTALS		US$		255 071.00		

H 02758

A/C DESCRIPTION — TRIAL BALANCE FROM 1 01 87 TO 31 05 87

A/C	DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
					H 02760
1	CAPITAL	US$			
	##################################				
100001	CAPITAL CONTRIBUTIONS/WITHDRAWALS	US$	1 767 12		1 767 12
101001	CAPITAL INVESTED	US$	2 123 986 34-		2 123 986 34-
	TOTAL GROUP				2 122 219 22-
5	ASSETS & LIABILITIES	US$			
	##################################				
551801	SECURITIES - MERRILL LYNCH	US$	2 168 108 00		2 168 108 00
5600001	CASH ACCOUNT	US$	2 736 85		2 736 85
	TOTAL GROUP				2 170 844 85
	P/L NET BALANCE (1-5)				48 625 63
6	CHARGES	US$			
	##################################				
7	INCOME	US$			
	##################################				
771101	INTEREST EARNED ON BONDS	US$	37 391 90-		37 391 90-
772201	INTEREST EARNED ON FTD	US$	11 233 73-		11 233 73-
800	DEBTOR BY GUARANTEE	US$			

A/C	DESCRIPTION		TRIAL BALANCE FROM BALANCE	1 01 87 TO 31 05 87 BALANCE CURRENCY	US$
					0.00
401	GUARANTEE FURNISHED	US$			
					0.00
	TOTAL GROUP				48 625.63-
9	TRANSIT ACCOUNTS ##########	US$			
	TOTAL GROUP				0.00
	GRAND TOTALS		0.00		0.00
		MKF	22.5734		

02761

/C	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
49A	6.8750 MERRILL LYNCH 8/7/87	87/87	US$	2168108+	2 168 108.00		1.00 0000
	********** TOTALS		US$		2 168 108.00	H 02762	

10 AH/SUB. A/C # 2 TRIAL BALANCE FROM 1 01 87 TO 31 05 87

	DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
					02763
	CAPITAL	US$			
	##########				
1001	CAPITAL INVESTED	US$	2 046 830.23-		2 046 830.23-
	TOTAL GROUP				2 046 830.23-
	ASSETS & LIABILITIES	US$			
	##########				
1801	SECURITIES - MERRILL LYNCH	US$	2 071 181.00		2 071 181.00
10001	CASH ACCOUNT	US$	22 114.21		22 114.21
	TOTAL GROUP				2 093 295.21
	P/L NET BALANCE (1-5)				46 464.98
	CHARGES	US$			
	##########				
	TOTAL GROUP				0.00

A/C	DESCRIPTION	TRIAL BALANCE FROM 1 01 87 TO 31 05 87 BALANCE	BALANCE CURRENCY	BALANCE US$
/	INCOME	US$		
	##########			
/71101	INTEREST EARNED ON BONDS	US$ 35 733.46-		35 733.46-
/72201	INTEREST EARNED ON FTD	US$ 10 731.52-		10 731.52-
80	CONTINGENT LIABILITIES	US$		
800	DEBTOR BY GUARANTEE	US$		
				0.00
801	GUARANTEE FURNISHED	US$		
				0.00
	TOTAL CONTINGENT LIABILITIES			0.00
	TOTAL GROUP			46 464.98-
	P/L. NET BALANCE (6-8)			46 464.98-

II 02764

:0 AH/SUB. A/C # 2		87 05 27 PAGE 3	
DESCRIPTION	TRIAL BALANCE FROM BALANCE	1 01 87 TO 31 05 87 BALANCE	
		CURRENCY	US$
TRANSIT ACCOUNTS ##########	US$		
TOTAL GROUP			0.00
GRAND TOTALS	0.00		0.00
	MKF 22.5734		

II 02765

A/C	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
189A	6.8750 MERRILL LYNCH 8/7/87	87/87	US$	2071181+	2 071 181.00		1.00 0000
	********** TOTALS		US$		2 071 181.00		

H 02766

TRIAL BALANCE FROM 1 01 87 TO 31 05 87

A/C	DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
					H 02767
	CAPITAL	US$			
	##################################				
01001	CAPITAL INVESTED	US$	156 659.26-		156 659.26-
	TOTAL GROUP				156 659.26-
	ASSETS & LIABILITIES	US$			
	##################################				
51801	SECURITIES - MERRILL LYNCH	US$	158 144.00		158 144.00
600001	CASH ACCOUNT	US$	2 066.89		2 066.89
	TOTAL GROUP				160 210.89
	P/L NET BALANCE (1-5)				3 551.63
	CHARGES	US$			
	##################################				
	TOTAL GROUP				0.00

231 AH/SUB. A/C # 3

TRIAL BALANCE FROM 1 01 87 TO 31 05 87

A/C	DESCRIPTION		TRIAL BALANCE FROM BALANCE	BALANCE CURRENCY	BALANCE US$
/	INCOME	US$			
	##########				
/71101	INTEREST EARNED ON BONDS	US$	2 732.23-		2 732.23-
/72201	INTEREST EARNED ON FTD	US$	819.40-		819.40-
	TOTAL GROUP				3 551.63-
/	TRANSIT ACCOUNTS	US$			
	##########				
	TOTAL GROUP				0.00
	GRAND TOTALS		0.00		0.00
		MKF	22.5734		

H 02768

4231 AH/SUB. A/C # 3 87 05 27 PAGE 2
SECURITIES T/B BY DEPOT FROM 01 01 87 TO 31 05 87 POR 18

A/C	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
1189A	6 8750 MERRILL LYNCH 8/7/87	87/87	US$	158144+	158 144.00		1.00 0000
	**********						
	TOTALS		US$		158 144.00		

H 02769

SCITECH TRADING GROUP INC

87 05 27 PAGE 1

TRIAL BALANCE FROM 1 01 87 TO 31 05 87

DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
CAPITAL	US$			
##########				
1001 CAPITAL INVESTED	US$	189 370.13-		189 370.13-
TOTAL GROUP				189 370.13-
ASSETS & LIABILITIES	US$			
##########				
1801 SECURITIES - MERRILL LYNCH	US$	193 854.00		193 854.00
10001 CASH ACCOUNT	US$	136.64-		136.64-
TOTAL GROUP				193 717.36
P/L NET BALANCE (1-5)				4 347.23
CHARGES	US$			
##########				
TOTAL GROUP				0.00

II 02770

'02 SCITECH TRADING GROUP INC. TRIAL BALANCE FROM 1 01 87 TO 31 05 87

'C. DESCRIPTION BALANCE CURRENCY US$ BALANCE

|| 02771

	INCOME	US$		
	##########			
'1101	INTEREST EARNED ON BONDS	US$	3 342.81-	3 342.81-
'2201	INTEREST EARNED ON FTD	US$	1 004.42-	1 004.42-
	TOTAL GROUP			4 347.23-
	GRAND TOTALS		0.00	0.00
		HK$	12 8222	

../02 SCITECH TRADING GROUP INC. 87 05 27 PAGE 2
SECURITIES T/B BY DEPOT FROM 01 01 87 TO 31 05 87 POR 18

T/C	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
189A	6.8750 MERRILL LYNCH 8/7/87	87/87	US$	193854+	193 854.00		1.00 0000
	**********						
	TOTALS		US$		193 854.00		

H 02772

KOREL ASSETS

TRIAL BALANCE FROM 1 01 87 TO 31 05 87

DESCRIPTION		BALANCE	BALANCE CURRENCY	BALANCE US$
CAPITAL	US$			
##################################				
1001 CAPITAL INVESTED	US$	1 542 925.83-		1 542 925.83-
TOTAL GROUP				1 542 925.83-
ASSETS & LIABILITIES	US$			
##################################				
1601 SECURITIES - MERRILL LYNCH	US$	1 571 241.00		1 571 241.00
10001 CASH ACCOUNT	US$	6 935.92		6 935.92
TOTAL GROUP				1 578 176.92
P/L NET BALANCE (1-5)				35 251.09
CHARGES	US$			
##################################				
TOTAL GROUP				0.00

II 02775

. DESCRIPTION		TRIAL BALANCE FROM 1 01 87 BALANCE	BALANCE TO 31 05 87 CURRENCY	BALANCE US$
INCOME	US$			
##########				
1101 INTEREST EARNED ON BONDS	US$	27 109.94-		27 109.94-
2201 INTEREST EARNED ON FTD	US$	8 141.15-		8 141.15-
TOTAL GROUP				35 251.09-
TRANSIT ACCOUNT	US$			
##########				
TOTAL GROUP				0.00
GRAND TOTALS		0.00		0.00
	SFR	66.1813		
	DM.	55.3276		
	YEN	.6829		
	MKF	22.5734		
	HK$	12.8222		
	$AU	69.9007		

H 02774

4201 KOREL ASSETS 87 05 27 PAGE 2
SECURITIES T/B. BY DEPOT FROM 01 01 87 TO 31 05 87 POR 18

O/C	NAME & DESCRIPTION			BALANCE	DEBIT	CREDIT	PRICE
1189A	6.8750 MERRILL LYNCH 8/7/87	87/87	US$	1571241+	1 571 241.00		1.00 0000
	**********						
	TOTALS		US$		1 571 241.00		

II 02775

B BUTTON

87 05 27 PAGE 1

DESCRIPTION		TRIAL BALANCE FROM 1 01 87 TO 31 05 87	BALANCE CURRENCY	BALANCE US$
	CAPITAL	US$		
	##########			
001	CAPITAL INVESTED	US$	211 337.34-	211 337.34-
	TOTAL GROUP			211 337.34-
	ASSETS & LIABILITIES	US$		
	##########			
801	SECURITIES - MERRILL LYNCH	US$	214 262.98	214 262.98
0001	CASH ACCOUNT	US$	1 881.79	1 881.79
	TOTAL GROUP			216 144.77
	P/L. NET BALANCE (1-5)			4 807.43
	CHARGES	US$		
	##########			
	TOTAL GROUP			0.00

H 02776

B BUTTON

TRIAL BALANCE FROM 1 01 87 TO 31 05 87

DESCRIPTION		TRIAL BALANCE	BALANCE CURRENCY	BALANCE US$
INCOME	US$			
##########				
1101 INTEREST EARNED ON BONDS	US$	3 697.28-		3 697.28-
1201 INTEREST EARNED ON FTD	US$	1 110.15-		1 110.15-
TOTAL GROUP				4 807.43-
GRAND TOTALS		0.00		0.00
	MKF	22.5734		
	HK$	12.8222		
	$AU	69.9007		

II 02777

,Y DEPOT FROM 01 01 87 TO 31 05 87

,TION			BALANCE	DEBIT	CREDIT	PRICE
.IERRILL LYNCH 8/7/87	87/87	US$	214262+	214 262.98		1.00 0004
ALS		US$		214 262.98		

II 02778

LEDGER FROM 01 01 87 TO 31 05 87

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1		****** CAPITAL			US$			
100000		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			FS			
		TRANSACT. & BALANCE				0.00	0.00	0.00
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1	BROUGHT FORWARD				39 379.60+		
2	1	TRANSFER		101001		546 035 31	546 035 31	0.00
24	2	PMT INV NO 6297 / STC	1263	5600001		1 500.00		1 500.00
4	3	PMT F 2082 STC INT	1317	5600001		7 331.06		8 831.06
		TRANSACT. & BALANCE				39 379.60+	554 866.37	546 035.31	8 831.06
101000		****** CAPITAL INVESTED			FS			
1	1	BROUGHT FORWARD	23000+			7 927.12-	0.00	0.00
		TRANSACT. & BALANCE	23000+			7 927.12-	0.00	0.00	0.00
101001		****** CAPITAL INVESTED			US$			
1	1	BROUGHT FORWARD	44890-			137 109.21-	291 654.68	
1	1	1986 P/L. NET BALANCE				56 900.00-	5 212.83	286 441.85
2	1	TRANSFER		100001			546 035.31	259 593.46-
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		1 434.18		258 159 28-
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		159.25		258 000.03-
		TRANSACT. & BALANCE	44890-			194 009.21-	293 248.11	551 248.14	258 000.03-

II 02779

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
						H 02700	
101012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			1 061.65-			
1 1	1986 P/L NET BALANCE				5 035.72	5 035.72	0 00
	TRANSACT & BALANCE			1 061 65-	5 035 72	5 035.72	0.00
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			20 634.01+			
1 1	1986 P/L NET BALANCE				25 525.44	25 525 44	0.00
	TRANSACT & BALANCE			20 634.01+	25 525 44	25 525 44	0 00
101020	****** CAPITAL INVESTED		$AU				
1 1	BROUGHT FORWARD			624 49-			
1 1	1986 P/L NET BALANCE				1 559 71	1 559 71	0.00
	TRANSACT. & BALANCE			624 49-	1 559.71	1 559.71	0.00

LEDGER FROM 01 01 87 TO 31 05 87

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
505100	****** LOANS PAYABLE		FS			
	TRANSACT & BALANCE			0.00	0.00	0.00
505101	****** LOANS PAYABLE		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
526101	****** FID. DEPOSIT - R.N.B.		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
550801	****** SECURITIES - CAN. IMP BK OF COMMER		US$			
1 1	BROUGHT FORWARD	259000+		259 000.00		259 000.00
8 1	SALE	259000-	8475 5600001		259 000.00	
8 1	INTEREST TO 30 03.87 AT 0 437		8475 5600001		254.95	
8 1	REVERSAL		8475 5600001	254.95		0.00
	TRANSACT. & BALANCE			259 254.95	259 254.95	0.00

437

II 02781

4064 HAKIM ALBERT
LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
					# 02782	
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	250000+18001	5600001	250 000.00		250 000.00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	250000-18002	5600001		250 000.00	
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	253750+18003	5600001	253 750.00		253 750.00
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	255071+18005	5600001	255 071.00		
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	253750-18004	5600001		253 750.00	255 071.00
	TRANSACT & BALANCE	255071+		758 821.00	503 750.00	255 071.00
552201	****** SECURITIES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
552417	****** SECURITIES - REED STENHOUSE		HK$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
552420		****** SECURITIES - REED STENHOUSE $AU						
		TRANSACT. & BALANCE				0.00	0.00	0.00
5600001		****** CASH ACCOUNT US$						
1	1	BROUGHT FORWARD	431233-		154 629.61+	593.46		593.46
8	1	SALE	259000+	8475 083CD		259 000.00		
8	1	INTEREST FM 30.1286 TO 08.01.		8475 083CD		416.83		
8	1	INTEREST TO 30 03 87 AT 0.437		8475 083CD		254.95		
8	1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	250000-18001	183CDTO			250 000.00	
8	1	REVERSAL		8475 083CD			254.95	
8	1	INTEREST TO 30.03.87 AT 0.43		8475 083CD		254.95		10 265.24
30	1	MGT FEES 4TH QAURTER 1986		5001 101001			1 434.18	8 831.06
24	2	PMT INV NO 6297 / STC		1263 100001			1 500.00	7 331.06
4	3	PMT F 2082 STC INT		1317 100001			7 331.06	0.00
8	4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	250000+18002	183CDTO		250 000.00		
8	4	6.0000 EURO-CD TORONTO DOMINION INTEREST	250000+18002	183CDTO		3 750.00		
8	4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	253750-18003	183128A			253 750.00	0.00
21	4	MGT FEES 1ST QUARTER 1987		6001 101001			159.25	159.25-
8	5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	255071-18005	183189A			255 071.00	
8	5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	253750+18004	183128A		253 750.00		
8	5	CREDIT INTEREST	253750+18004	772201		1 321.61		158.64-
		TRANSACT & BALANCE	76446+		154 629.61+	769 341.80	769 500.44	158.64-

II 02783

4064 HAKIM ALBERT
LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
						H 02784	
5600012	****** CASH ACCOUNT			MFK			
	TRANSACT & BALANCE				0 00	0 00	0 00
5600017	****** CASH ACCOUNT			HK$			
1 1	BROUGHT FORWARD	10000+			20 634 01-	0 00	0 00
	TRANSACT & BALANCE	10000+			20 634 01-	0 00	0 00
5600020	****** CASH ACCOUNT			$AU			
	TRANSACT & BALANCE				0 00	0 00	0 00
5600300	****** CSF INVOICES			FS			
	TRANSACT & BALANCE				0 00	0 00	0 00
5600301	****** CSF INVOICES			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
5600601	****** CSF DIVERS ACCOUNT			US$			
	TRANSACT. & BALANCE				0 00	0 00	0 00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$			02785
671001	****** INTEREST PAID - CURRENT ACCOUNT		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
672000	****** INTEREST PAID		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
672001	****** INTEREST PAID		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

4064 HAKIM ALBERT
LEDGER FROM 01 01 87 TO 31 05 87

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
					H 02786	
760801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
761401	****** REAL. GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762201	****** REAL GAINS/LOSSES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY		MFK			
	TRANSACT & BALANCE			0.00	0.00	0.00
762417	****** REAL GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762420	****** REAL. GAINS/LOSSES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00
771101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 1286 TO 08.01.	8475 5600001			416 83	
8 1.	INTEREST TO 30.03.87 AT 0, 43	8475 5600001			254.95	671 78-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	250000-18002 5600001			3 750.00	4 421.78-

4064 HAKIM ALBERT
LEDGER FROM 01 01 87 TO 31 05 87 87 05 27 PAGE 9

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS			(SUITE)			
	TRANSACT & BALANCE	250000-			0 00	4 421 78	4 421 78-
771201	****** DIVIDENDS			US$		02787	
	TRANSACT & BALANCE				0 00	0 00	0 00
771212	****** DIVIDENDS			MFK			
	TRANSACT & BALANCE				0 00	0 00	0 00
772201	****** INTEREST EARNED ON DEPOSITS			US$			
8 5	CREDIT INTEREST	253750-18004	5600001			1 321 61	1 321 61-
	TRANSACT & BALANCE	253750-			0 00	1 321 61	1 321 61-

4064 HAKIM ALBERT
LEDGER

FROM 01 01 87 TO 31 05 87

87 05 27 PAGE 10

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
900100	****** TRANSIT ACCOUNT		FS			
	TRANSACT & BALANCE			0.00	0.00	0.00
900101	****** TRANSIT ACCOUNT		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
	GRAND TOTALS			2 667 653 10	2 667 653 10	0.00

A/C.		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1		****** CAPITAL			US$			
							II 02739	
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1	BROUGHT FORWARD					2 000 000 00	2 000 000.00-
2	1	TRANSFER		101001		2 000 000 00		0.00
4	3	PMT F. 2082 STC INT.	1317	5600001		1 767 12		1 767.12
		TRANSACT. & BALANCE				2 001 767.12	2 000 000.00	1 767.12
101001		****** CAPITAL INVESTED			US$			
1	1	BROUGHT FORWARD				25 178.56+	15 246.19	
1	1	1986 P/L. NET BALANCE					144 397.70	129 151.51-
2	1	TRANSFER		100001			2 000 000.00	2 129 151.51-
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 834.48		2 125 317.03-
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		1 330.69		2 123 986.34-
		TRANSACT. & BALANCE				25 178.56+	20 411.36	2 144 397.70	2 123 986.34-
101012		****** CAPITAL INVESTED			MFK			
1	1	BROUGHT FORWARD				5 308.25-	25 178.56	
1	1	1986 P/L. NET BALANCE				25 178.56		0.00
		TRANSACT. & BALANCE				5 308.25-	25 178.56	25 178.56	0.00

4224 AH/SUB A/C # 1 LEDGER FROM 01 01 87 TO 31 05 87 87 05 27 PAGE 2

A/C NAME & DESCRIPTION DOC NO CONTRA DEBIT CREDIT BALANCE

II 02790

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
					II 02791	
5	****** ASSETS & LIABILITIES		US$			
517401	****** PRIVATE INVESTMENTS RECEIVABLE		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
525601	****** FID. DEPOSIT - CONTINENTAL BANK		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
526101	****** FID. DEPOSIT - RNB		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
526901	****** FID DEPOSIT - CIBC GENEVA		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
550601	****** SECURITIES - R.N.B		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER		US$			
1 1 8 1	BROUGHT FORWARD	2127000+		2 127 000.00		2 127 000.00
	SALE	2127000-	8475 5600001		2 127 000.00	
8 1	INTEREST TO 30.03.87 AT 0.437		8475 5600001		2 093.76	
8 1	REVERSAL		8475 5600001	2 093.76		0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
550801	SECURITIES - CAN IMP. BK OF CO		(SUITE)		H 02792	
	TRANSACT & BALANCE			2 129 093.76	2 129 093.76	0.00
551401	****** SECURITITES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	2125000+18001	5600001	2 125 000.00		2 125 000.00
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	2125000-18002	5600001		2 125 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2156875+18003	5600001	2 156 875.00		2 156 875.00
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2168108+18005	5600001	2 168 108.00		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	2156875-18004	5600001		2 156 875.00	2 168 108.00
	TRANSACT. & BALANCE	2168108+		6 449 983.00	4 281 875.00	2 168 108.00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
552701	****** SECURITIES - STRAUSS TURNBULL		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

82-684 O-88-16

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001		****** CASH ACCOUNT		US$				
1	1	BROUGHT FORWARD	1637000-		25 178 56-	2 151 51		2 151 51
8	1	SALE	2127000+	8475 08JCD		2 127 000 00		
8	1	INTEREST FM 30 1286 TO 08 01.		8475 08JCD		3 423 14		
8	1	INTEREST TO 30 03 87 AT 0 437		8475 08JCD		2 093 76		
8	1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	2125000-18001	18JCDTO			2 125 000 00	
8	1	REVERSAL		8475 08JCD			2 093 76	
8	1	INTEREST TO 30 03 87 AT 0. 43		8475 08JCD		2 093 76		9 668 41
30	1	MGT FEES 4TH QAURTER 1986		5001 101001			3 834 48	5 833 93
4	3	PMT F 2082 STC INT		1317 100001			1 767 12	4 066 81
8	4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	2125000+18002	18JCDTO		2 125 000 00		
8	4	6 0000 EURO-CD TORONTO DOMINION INTEREST	2125000+18002	18JCDTO		31 875 00		
8	4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2156875-18003	18J128A			2 156 875 00	4 066 81
21	4	MGT FEES 1ST QUARTER 1987		6001 101001			1 330 69	2 736 12
8	5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2168108-18005	18J189A			2 168 108 00	
8	5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	2156875+18004	18J128A		2 156 875.00		
8	5	CREDIT INTEREST	2156875+18004	772201		11 233.73		2 736 85
		TRANSACT & BALANCE	2603767+		25 178 56-	6 461 745 90	6 459 009 05	2 736 85

li 02793

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
					H 02794	
5600012	****** CASH ACCOUNT		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
570001	****** BLOCKED DEPOSIT ACCOUNT		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES	US$		# 02795	

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
7	CHARGES		(SUITE)			
7	****** INCOME		US$		02796	
760601	****** REAL GAINS/LOSSES - R N B		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
760801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
761401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0.00	0.00	0.00
762401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
771101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30.1286 TO 08.01.	8475 5600001			3 423.14	
8 1	INTEREST TO 30 03.87 AT 0. 43	8475 5600001			2 093.76	5 516.90-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	2125000-18002 5600001			31 875.00	37 391.90-

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS		(SUITE)			
	TRANSACT & BALANCE	2125000-		0 00	37 391 90	37 391 90-
771212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	2156875-18004 5600001			11 233 73	11 233 73-
	TRANSACT & BALANCE	2156875-		0 00	11 233 73	11 233 73-
772301	****** INCOME ON INVESTMENTS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
800	****** DEBTOR BY GUARANTEE		US$			
800001	****** FORWAY DEBTOR GUARANTY		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
801	****** GUARANTEE FURNISHED		US$			
801001	****** CIBC GUARANTY FURNISHED		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

H-03797

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

H 02798

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			********** ********** 17 088 179 70	17 088 179 70	0 00

H 02799

H 02CCO

A/C		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	
1		****** CAPITAL			US$			
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1	BROUGHT FORWARD					2 000 000.00	2 D
2	1	TRANSFER		101001		2 000 000 00		
		TRANSACT & BALANCE				2 000 000.00	2 000 000.00	
101001		****** CAPITAL INVESTED			US$			
1	1	BROUGHT FORWARD	390000-		78 557.14+	23 673.23		
1	1	1986 P/L NET BALANCE					75 582 53	
2	1	TRANSFER		100001			2 000 000.00	2 D
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 796.16		2 D
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		1 282.91		2 D
		TRANSACT & BALANCE	390000-		78 557.14+	28 752 30	2 075 582 53	2 D
101012		****** CAPITAL INVESTED			MFK			
1	1	BROUGHT FORWARD			16 561.74-		78 557 14	
1	1	1986 P/L NET BALANCE				78 557 14		
		TRANSACT & BALANCE			16 561.74-	78 557.14	78 557.14	

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT
5	****** ASSETS & LIABILITIES		US$		H 02801
515301	****** LOANS RECEIVABLE		US$		
	TRANSACT & BALANCE			0 00	0 00
525601	****** FID DEPOSIT - CONTINENTAL BANK		US$		
	TRANSACT & BALANCE			0 00	0 00
526101	****** FID DEPOSIT - R N B		US$		
	TRANSACT & BALANCE			0 00	0 00
526601	****** FID DEPOSIT - CREDIT SUISSE		US$		
	TRANSACT & BALANCE			0 00	0 00
550601	****** SECURITIES - R N B		US$		
	TRANSACT & BALANCE			0 00	0 00
550801	****** SECURITIES - CAN IMP BK OF COMMER		US$		
1 1 8 1	BROUGHT FORWARD 2037000+			2 037 000 00	2 0
	SALE 2037000-	8475 5600001			2 037 000 00
8 1	INTEREST TO 30 03 87 AT 0 437	8475 5600001			2 005 17
8 1	REVERSAL	8475 5600001		2 005 17	
	TRANSACT & BALANCE			2 039 005 17	2 039 005 17

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	
							II 02802
551801	****** SECURITIES - MERRILL LYNCH		US$				
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	2030000+18001	5600001		2 030 000.00		2 0
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	2030000-18002	5600001			2 030 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2060450+18003	5600001		2 060 450.00		2 0
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2071181+18005	5600001		2 071 181.00		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	2060450-18004	5600001			2 060 450.00	2 0
	TRANSACT & BALANCE	2071181+			6 161 631.00	4 090 450.00	2 0
552212	****** SECURITIES - MORGAN STANLEY		MFK				
	TRANSACT & BALANCE				0.00	0.00	
552701	****** SECURITIES - STRAUSS TURNBULL		US$				
	TRANSACT & BALANCE				0.00	0.00	
556601	****** FID. DEPOSIT - CREDIT SUISSE		US$				
	TRANSACT & BALANCE				0.00	0.00	
5600001	****** CASH ACCOUNT		US$				
1 1	BROUGHT FORWARD	143000+		78 557.14-	14 909 30		
8 1	SALE	2037000+	8475 08JCD		2 037 000.00		
8 1	INTEREST FM 30 1286 TO 08.01.		8475 08JCD		3 278.29		

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT
5600001	CASH ACCOUNT		(SUITE)		
	INTEREST TO 30 03 87 AT 0.437	8475 08]CD		2 005 17	
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	2030000-18001 18]CDTO			2 030 000 00
8 1	REVERSAL	8475 08]CD			2 005 17
8 1	INTEREST TO 30 03 87 AT 0. 43	8475 08]CD		2 005 17	
30 1	MGT FEES 4TH QAURTER 1986	5001 101001			3 796.16
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	2030000+18002 18]CDTO		2 030 000 00	
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	2030000+18002 18]CDTO		30 450 00	
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2060450-18003 18]128A			2 060 450.00
21 4	MGT FEES 1ST QUARTER 1987	6001 101001			1 282 91
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2071181-18005 18]189A			2 071 181 00
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	2060450+18004 18]128A		2 060 450 00	
8 5	CREDIT INTEREST	2060450+18004 772201		10 731 52	
	TRANSACT & BALANCE	41992694	78 557.14-	6 190 829 45	6 168 715 24
5600012	****** CASH ACCOUNT		MFK		
	TRANSACT & BALANCE			0 00	0 00
570001	****** BLOCKED DEPOSIT ACCOUNT		US$		
	TRANSACT & BALANCE			0 00	0 00

02003

4230 AH/SUB A/C # 2 LEDGER FROM 01 01 87 TO 31 05 87 87 05 27 PAGE

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT

H 02604

4230 AH/SUB A/C # 2 LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT
					02805
6	****** CHARGES		US$		
673701	****** BANK CHARGES		US$		
	TRANSACT & BALANCE			0 00	0 00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT
7	****** INCOME		US$		H 02606
760601	****** REAL. GAINS/LOSSES - R.N.B.		US$		
	TRANSACT. & BALANCE			0.00	0.00
760801	****** REAL. GAINS/LOSSES - CIBC		US$		
	TRANSACT & BALANCE			0.00	0.00
762212	****** REAL. GAINS/LOSSES - MORGAN STANLEY MFK				
	TRANSACT & BALANCE			0.00	0.00
762701	****** REAL. GAINS/LOSSES - STRAUSS TURNBU		US$		
	TRANSACT. & BALANCE			0.00	0.00
771101	****** INTEREST EARNED ON BONDS		US$		
8 1	INTEREST FM 30 1286 TO 08 01	8475	5600001		3 278.29
8 1	INTEREST TO 30 03 87 AT 0. 43	8475	5600001		2 005.17
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	2030000-18002	5600001		30 450.00
	TRANSACT & BALANCE	2030000-		0.00	35 733.46

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT
771212	****** DIVIDENDS		MFK		11 02607
	TRANSACT & BALANCE			0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$		
8 5	CREDIT INTEREST	2060450-18004 5600001			10 731 52
	TRANSACT & BALANCE	2060450-		0 00	10 731 52
80	****** CONTINGENT LIABILITIES		US$		
800	****** DEBTOR BY GUARANTEE		US$		
800001	****** REPUBLIC NATIONAL BANK, LUXEMBOURG		US$		
	TRANSACT & BALANCE			0 00	0 00
801	****** GUARANTEE FURNISHED		US$		
801001	****** RAINBOW STAR (USA)		US$		
	TRANSACT & BALANCE			0 00	0 00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT
9	****** TRANSIT ACCOUNTS		US$	H 02808	
	GRAND TOTALS			**********	**********
				16 498 775.06	16 498 775.06
				**********	**********

4231 AH/SUB A/C # 3 87 05 27 PAGE 1
LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
>	TRANSIT ACCOUNTS		(SUITE)		H 02609	
1	****** CAPITAL		US$			
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$			
1 1	BROUGHT FORWARD				200 000.00	200 000.00-
2 1	TRANSFER		101001	200 000.00		0.00
	TRANSACT. & BALANCE			200 000.00	200 000.00	0.00
101001	****** CAPITAL INVESTED		US$			
1 1	BROUGHT FORWARD			50 769 06		
1 1	1986 P/L. NET BALANCE				7 915.18	42 853.88
2 1	TRANSFER		100001		200 000.00	157 146.12-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001	388.64		156 757.48-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001	98.22		156 659.26-
	TRANSACT. & BALANCE			51 255 92	207 915.18	156 659.26-
101012	****** CAPITAL INVESTED		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
526101	****** FID DEPOSIT - RNB		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
526601	****** FID DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT & BALANCE			0 00	0 00	0.00
550601	****** SECURITIES - R N B		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
550801	****** SECURITIES - CAN IMP. BK OF COMMER		US$			
1 1	BROUGHT FORWARD	157000+		157 000 00		157 000 00
8 1	SALE	157000- 8475 5600001			157 000 00	
8 1	INTEREST TO 30.03 87 AT 0 437	8475 5600001			154 55	
8 1	REVERSAL	8475 5600001		154.55		0.00
	TRANSACT. & BALANCE			157 154.55	157 154 55	0.00
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0 00	0 00

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
551801	****** SECURITIES - MERRILL LYNCH	US$			
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	155000+18001 5600001	155 000.00		155 000.00
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	155000-18002 5600001		155 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	157325+18003 5600001	157 325.00		157 325.00
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	158144+18005 5600001	158 144.00		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	157325-18004 5600001		157 325.00	158 144.00
	TRANSACT. & BALANCE	158144+	470 469.00	312 325.00	158 144.00
552212	****** SECURITIES - MORGAN STANLEY	MFK			
	TRANSACT. & BALANCE		0.00	0.00	0.00
556601	****** FID. DEPOSIT - CREDIT SUISSE	US$			
	TRANSACT. & BALANCE		0.00	0.00	0.00
5600001	****** CASH ACCOUNT	US$			
1 1	BROUGHT FORWARD	77000-	146.12		146.12
8 1	SALE	157000+ 8475 08JCD	157 000.00		
8 1	INTEREST FM 30.1286 TO 08.01	8475 08JCD	252.68		
8 1	INTEREST TO 30.03.87 AT 0.437	8475 08JCD	154.55		
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	155000-18001 18JCDTO		155 000.00	

4231 AH/SUB A/C # 3 LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO CONTRA	(SUITE)	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT					
	REVERSAL	8475 08JCD			154 55	
8 1						
	INTEREST TO 30 03 87 AT 0. 43	8475 08JCD		154 55		2 553 35
30 1	MGT FEES 4TH QAURTER 1986	5001 101001			388 64	2 164 71
8 4	6 0000 EURO-CD TORONTO DOMINION					
	REDEMPTION	155000+18002 18JCDTO		155 000 00		
8 4	6 0000 EURO-CD TORONTO DOMINION					
	INTEREST	155000+18002 18JCDTO		2 325 00		
8 4	6 2500 MERRILL LYNCH 8/5/87					
	FIDUCIARY DEPOSIT	157325-18003 18J128A			157 325 00	2 164 71
21 4	MGT FEES 1ST QUARTER 1987	6001 101001			98 22	2 066 49
8 5	6 8750 MERRILL LYNCH 8/7/87					
	FIDUCIARY DEPOSIT	158144-18005 18J189A			158 144 00	
8 5	6 2500 MERRILL LYNCH 8/5/87					
	REDEMPTION	157325+18004 18J128A		157 325 00		
8 5	CREDIT INTEREST	157325+18004 772201		819 40		2 066 89
	TRANSACT & BALANCE	234181+		473 177 30	471 110 41	2 066 89
5600012	****** CASH ACCOUNT		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00

II 02812

4231 AH/SUB. A/C # 3 LEDGER FROM 01 01 87 TO 31 05 87 87 05 27 PAGE 5

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
					H 02813	
	****** CHARGES		US$			
573701	****** BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
					II 02814	
760601	****** REAL. GAINS/LOSSES - R.N.B.		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
760801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00
761401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00
762212	****** REAL. GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0 00	0 00	0 00
771101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30.1286 TO 08 01	8475 5600001			252 68	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475 5600001			154 55	407 23-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	155000-18002 5600001			2 325 00	2 732 23-
	TRANSACT. & BALANCE	155000-		0 00	2 732.23	2 732.23-

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
/71212	****** DIVIDENDS		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/72201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	157325-18004	5600001		819.40	819.40-
	TRANSACT. & BALANCE	157325-		0.00	819.40	819.40-

4231 AH/SUB A/C # 3 LEDGER FROM 01 01 87 TO 31 05 87

11 02616

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
›	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			1 352 056 77	1 352 056.77	0.00

4202 SCITECH TRADING GROUP INC 87 05 27 PAGE 1
LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNT		(SUITE)				
	****** CAPITAL		US$				
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1 1	BROUGHT FORWARD			46 473.65+		59 123.78	59 123.78-
2 1	TRANSFER		101001		59 123.78		0.00
	TRANSACT & BALANCE			46 473.65+	59 123.78	59 123.78	0.00
101001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD	1-		163 089.01-		104 030 58	
1 1	1986 P/L NET BALANCE					26 982 89	131 013.47-
2 1	TRANSFER		100001			59 123.78	190 137.25-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		648.33		189 488.92-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		118 79		189 370.13-
	TRANSACT & BALANCE	1-		163 089.01-	767 12	190 137 25	189 370 13-
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			20 906.16+	27 648.51		
1 1	1986 P/L. NET BALANCE					27 648.51	0.00
	TRANSACT. & BALANCE			20 906.16+	27 648.51	27 648.51	0.00

11 02817

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

II 02818

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
525801	****** FID. DEPOSIT - CREDIT LYONNAIS		US$		# 02819	
	TRANSACT. & BALANCE			0.00	0.00	0.00
526101	****** FID. DEPOSIT - RNB		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER		US$			
1 1 8 1	BROUGHT FORWARD 190000+			190 000.00		190 000.00
	SALE 190000-	8475 5600001			190 000.00	
8 1	INTEREST TO 30 03 87 AT 0 437	8475 5600001			187.03	
8 1	REVERSAL	8475 5600001		187.03		0.00
	TRANSACT. & BALANCE			190 187.03	190 187.03	0.00
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
					11 02820	
551801	****** SECURITIES - MERRILL LYNCH	US$				
8 1	6 0000 EURO-CD TORONTO DOMINION					
	PURCHASE	190000+18001	5600001	190 000 00		190 000 00
8 4	6 0000 EURO-CD TORONTO DOMINION					
	REDEMPTION	190000-18002	5600001		190 000 00	
8 4	6 2500 MERRILL LYNCH 8/5/87					
	FIDUCIARY DEPOSIT	192850+18003	5600001	192 850 00		192 850.00
8 5	6 8750 MERRILL LYNCH 8/7/87					
	FIDUCIARY DEPOSIT	193854+18005	5600001	193 854 00		
8 5	6 2500 MERRILL LYNCH 8/5/87					
	REDEMPTION	192850-18004	5600001		192 850 00	193 854 00
	TRANSACT & BALANCE	193854+		576 704 00	382 850.00	193 854 00
552417	****** SECURITIES - REED STENHOUSE	HK$				
	TRANSACT & BALANCE			0 00	0 00	0 00
552701	****** SECURITIES - STRAUSS TURNBULL	US$				
	TRANSACT. & BALANCE			0.00	0 00	0 00
5600001	****** CASH ACCOUNT	US$				
1 1	BROUGHT FORWARD	114799-	116 615 36+	137.25		137 25
8 1						
	SALE	190000+ 8475 08]CD		190 000.00		
8 1						
	INTEREST FM 30 1286 TO 08 01	8475 08]CD		305.78		
8 1						
	INTEREST TO 30.03 87 AT 0.437	8475 08]CD		187 03		
8 1	6 0000 EURO-CD TORONTO DOMINION					
	PURCHASE	190000-18001 18]CDTO			190 000.00	
8 1						

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT			(SUITE)			
	REVERSAL	8475	08JCD			187 03	
8 1							
	INTEREST TO 30.03.87 AT 0. 43	8475	08JCD		187.03		630.06
30 1	MGT FEES 4TH QAURTER 1986	5001	101001			648.33	18.27-
8 4	6.0000 EURO-CD TORONTO DOMINION						
	REDEMPTION	190000+	18002	18JCDTO	190 000.00		
8 4	6.0000 EURO-CD TORONTO DOMINION						
	INTEREST	190000+	18002	18JCDTO	2 850.00		
8 4	6.2500 MERRILL LYNCH 8/5/87						
	FIDUCIARY DEPOSIT	192850-	18003	18J128A		192 850.00	18.27-
21 4	MGT FEES 1ST QUARTER 1987	6001	101001			118.79	137.06-
8 5	6.8750 MERRILL LYNCH 8/7/87						
	FIDUCIARY DEPOSIT	193854-	18005	18J189A		193 854.00	
8 5	6.2500 MERRILL LYNCH 8/5/87						
	REDEMPTION	192850+	18004	18J128A	192 850.00		
8 5	CREDIT INTEREST	192850+	18004	772201	1 004.42		136.64-
	TRANSACT. & BALANCE	264197+		116 615.36+	577 521.51	577 658.15	136.64-
5600017	****** CASH ACCOUNT			HK$			
1 1	BROUGHT FORWARD	10000+		20 906.16-	0.00		0.00
	TRANSACT. & BALANCE	10000+		20 906.16-	0.00	0.00	0.00

II 02821

4202 SCITECH TRADING GROUP INC. 87 05 27 PAGE 6

LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
					11 02822	
A	****** CHARGES		US$			
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
/	****** INCOME			US$		ii 02823	
/61401	****** REAL GAINS/LOSSES - BEAR STEARNS			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
/62417	****** REAL. GAINS/LOSSES - REED STENHOUSE			HK$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
/62701	****** REAL GAINS/LOSSES - ST. TURNBULL			US$			
	TRANSACT & BALANCE				0 00	0.00	0.00
/71101	****** INTEREST EARNED ON BONDS			US$			
8 1	INTEREST FM 30 1286 TO 08 01	8475	5600001			305.78	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475	5600001			187.03	492.81-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	190000-18002	5600001			2,850.00	3 342.81-
	TRANSACT. & BALANCE	190000-			0.00	3 342.81	3 342.81-
/71201	****** DIVIDENDS			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00

4202 SCITECH TRADING GROUP INC FROM 01 01 87 TO 31 05 87
LEDGER

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
/72201	****** INTEREST EARNED ON FTD	US$			
8 5 86	CREDIT INTEREST	192850-18004 5600001		1 004.42	1 004.42-
	TRANSACT & BALANCE	192850-	0.00	1 004.42	1 004.42-
	GRAND TOTALS		1 431 951.95	1 431 951.95	0.00

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4201 KOREL ASSETS LEDGER FROM 01 01 87 TO 31 05 87 87 05 27 PAGE 1

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1		****** CAPITAL			US$			
100000		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			FS			
1	1	BROUGHT FORWARD				8 000 00		8 000 00
2	1	TRANSFER		101000			8 000 00	0 00
		TRANSACT & BALANCE				8 000 00	8 000 00	0.00
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1	BROUGHT FORWARD					562 775 03	562 775 03-
2	1	TRANSFER		101001		562 775 03		0 00
		TRANSACT & BALANCE				562 775 03	562 775 03	0.00
101000		****** CAPITAL INVESTED			FS			
1	1	BROUGHT FORWARD			824 200.54+	14 348 66		
1	1	1986 P/L. NET BALANCE					22 348.66	8 000 00-
2	1	TRANSFER		100000		8 000.00		0 00
		TRANSACT. & BALANCE			824 200 54+	22 348.66	22 348.66	0 00
101001		****** CAPITAL INVESTED			US$			
1	1	BROUGHT FORWARD	235626-		933 348 66-		819 891.06	
1	1	1986 P/L. NET BALANCE					164 369 66	984 260.72-
2	1	TRANSFER		100001			562 775.03	1 547 035.75-
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 142.75		1 543 893.00-
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		967.17		1 542 925.83-

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
101001	CAPITAL INVESTED		(SUITE)				
	TRANSACT & BALANCE	235626-		933 348.66-	4 109.92	1 547 035.75	1 542 925.83-
101003	****** CAPITAL INVESTED		DM				
1 1	BROUGHT FORWARD			3 445.45-	216.01		
1 1	1986 P/L NET BALANCE					216.01	0.00
	TRANSACT. & BALANCE			3 445.45-	216.01	216.01	0.00
101010	****** CAPITAL INVESTED		YEN				
1 1	BROUGHT FORWARD			2 892.13-	35 953.50		
1 1	1986 P/L NET BALANCE					35 953.50	0.00
	TRANSACT. & BALANCE			2 892.13-	35 953.50	35 953.50	0.00
101012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			8 493.20-		40 285.70	
1 1	1986 P/L. NET BALANCE				40 285.70		0.00
	TRANSACT. & BALANCE			8 493.20-	40 285.70	40 285.70	0.00
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			20 906.16+	27 648.51		
1 1	1986 P/L. NET BALANCE					27 648.51	0.00
	TRANSACT. & BALANCE			20 906.16+	27 648.51	27 648.51	0.00

ii 02828

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
101020	****** CAPITAL INVESTED		$AU				
1 1	BROUGHT FORWARD			772.56-		1 357 42	
1 1	1986 P/L. NET BALANCE				1 357 42		0 00
	TRANSACT & BALANCE			772.56-	1 357 42	1 357 42	0 00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
515300	****** LOANS RECEIVABLE		FS			
	TRANSACT & BALANCE			0.00	0.00	0.00
517401	****** PRIVATE INVESTMENTS RECEIVABLE		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
525601	****** FID. DEPOSIT - CONTINENTAL BANK		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
526101	****** FID. DEPOSIT - RNB		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
550300	****** SECURITIES - GUTZWILLER		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
550801	****** SECURITIES - CAN IMP. BK OF COMMER		US$			
1 1 8 1	BROUGHT FORWARD	1546000+		1 546 000.00		1 546 000.00
	SALE	1546000-	8475 5600001		1 546 000.00	
8 1	INTEREST TO 30.03.87 AT 0.437		8475 5600001		1 521.85	
8 1	REVERSAL		8475 5600001	1 521.85		0.00

II 02628

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
550801	SECURITIES - CAN IMP BK OF CO		(SUITE)			
	TRANSACT. & BALANCE			1 547 521 85	1 547 521.85	0 00
550900	****** SECURITIES - CREDIT SUISSE		FS			
	TRANSACT & BALANCE			0 00	0 00	0.00
551301	****** SECURITIES - ROSE & COMPANY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0 00	0 00	0.00
551510	****** SECURITIES - NIKKO		YEN			
	TRANSACT & BALANCE			0.00	0 00	0 00
551600	****** SECURITIES - NOMURA		FS			
	TRANSACT. & BALANCE			0.00	0 00	0 00
551601	****** SECURITIES - NOMURA		US$			
	TRANSACT. & BALANCE			0.00	0.00	0 00
551610	****** SECURITIES - NOMURA		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00

II 02629

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
551800	****** SECURITIES - MERRILL LYNCH		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	1540000+18001	5600001	1 540 000.00		1 540 000.00
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	1540000-18002	5600001		1 540 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	1563100+18003	5600001	1 563 100.00		1 563 100.00
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	1571241+18005	5600001	1 571 241.00		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	1563100-18004	5600001		1 563 100.00	1 571 241.00
	TRANSACT. & BALANCE	1571241+		4 674 341.00	3 103 100.00	1 571 241.00
552010	****** SECURITIES - WAKO		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00
552100	****** SECURITIES - DAIWA SECURITIES		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
552110	****** SECURITIES - DAIWA		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00

II 02831

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
552201	****** SECURITIES - MORGAN STANLEY		US$				
	TRANSACT. & BALANCE				0.00	0.00	0.00
552212	****** SECURITIES - MORGAN STANLEY		MFK				
	TRANSACT. & BALANCE				0.00	0.00	0.00
552220	****** SECURITIES - MORGAN STANLEY		$AU				
	TRANSACT. & BALANCE				0.00	0.00	0.00
552417	****** SECURITIES - REED STENHOUSE		HK$				
	TRANSACT & BALANCE				0 00	0.00	0.00
552420	****** SECURITIES - REED STENHOUSE		$AU				
	TRANSACT. & BALANCE				0.00	0.00	0.00
552701	****** SECURITIES - STRAUSS TURNBULL		US$				
	TRANSACT. & BALANCE				0.00	0.00	0.00
552703	****** SECURITIES - STRAUSS TURNBULL		DM.				
	TRANSACT. & BALANCE				0.00	0.00	0 00
5600000	****** CASH ACCOUNT		FS				
1 1	BROUGHT FORWARD	195000+		824 200.54-	0.00		0 00
	TRANSACT. & BALANCE	195000+		824 200.54-	0 00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	****** CASH ACCOUNT		US$			
1 1	BROUGHT FORWARD	584076-	933 348.66+	1 035.75		1 035.75
8 1	SALE	1546000+ 8475 08JCD		1 546 000.00		
8 1	INTEREST FM 30 1286 TO 08.01	8475 08JCD		2 488.09		
8 1	INTEREST TO 30.03.87 AT 0.437	8475 08JCD		1 521.85		
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	1540000-18001 18JCDTO			1 540 000.00	
8 1	REVERSAL	8475 08JCD			1 521.85	
8 1	INTEREST TO 30.03.87 AT 0.43	8475 08JCD		1 521.85		11 045.69
30 1	MGT FEES 4TH QAURTER 1986	5001 101001			3 142.75	7 902.94
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	1540000+18002 18JCDTO		1 540 000.00		
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	1540000+18002 18JCDTO		23 100.00		
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	1563100-18003 18J128A			1 563 100.00	7 902.94
21 4	MGT FEES 1ST QUARTER 1987	6001 101001			967.17	6 935.77
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	1571241-18005 18J189A			1 571 241.00	
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	1563100+18004 18J128A		1 563 100.00		
8 5	CREDIT INTEREST	1563100+18004 772201		8 141.15		6 935.92
	TRANSACT. & BALANCE	2493783+	933 348.66+	4 686 908.69	4 679 972.77	6 935.92

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600003	****** CASH ACCOUNT		DM				
	TRANSACT & BALANCE				0 00	0 00	0 00
5600010	****** CASH ACCOUNT		YEN				
1 1	BROUGHT FORWARD	401500+		2 892 13+	0 00		0 00
	TRANSACT & BALANCE	401500+		2 892 13+	0 00	0 00	0 00
5600012	****** CASH ACCOUNT		MFK				
	TRANSACT & BALANCE				0 00	0.00	0 00
5600017	****** CASH ACCOUNT		HK$				
1 1	BROUGHT FORWARD	10000+		20 906.16-	0 00		0.00
	TRANSACT & BALANCE	10000+		20 906 16-	0 00	0 00	0 00
5600020	****** CASH ACCOUNT		$AU				
	TRANSACT. & BALANCE				0 00	0 00	0 00
5600300	****** CSF INVOICES		FS				
	TRANSACT. & BALANCE				0.00	0 00	0 00

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4201 KOREL ASSETS LEDGER

FROM 01 01 87 TO 31 05 87

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
4	****** CHARGES		US$			
473701	****** BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
473710	****** BANK CHARGES		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
/	****** INCOME		US$			
760900	****** REAL. GAINS/LOSSES - CREDIT SUISSE		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
761301	****** REAL. GAINS/LOSSES - ROSE & CO.		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
761401	****** REAL. GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
761510	****** REAL. GAINS/LOSSES - NIKKO		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00
761600	****** REAL. GAINS/LOSSES - NOMURA		FS			
	TRANSACT & BALANCE			0.00	0.00	0.00
761601	****** REAL. GAINS/LOSSES - NOMURA		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
761610	****** REAL. GAINS/LOSSES - NOMURA		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
761800	****** REAL GAINS/LOSSES - MERRILL LYNCH		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762010	****** REAL. GAINS/LOSSES - WAKO SECURITIE		YEN			
	TRANSACT & BALANCE			0.00	0.00	0.00
762110	****** REAL GAINS/LOSSES - DAIWA		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762201	****** REAL GAINS/LOSSES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762212	****** REAL. GAINS/LOSSES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762220	****** REAL. GAINS/LOSSES - MORGAN STANLEY		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762417	****** REAL GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762420	****** REAL. GAINS/LOSSES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU US$					
	TRANSACT. & BALANCE			0.00	0.00	0.00
762703	****** REAL. GAINS/LOSSES - STRAUSS TURNBU DM.					
	TRANSACT & BALANCE			0.00	0.00	0.00
771100	****** INTEREST EARNED ON BONDS FS					
	TRANSACT & BALANCE			0.00	0.00	0.00
771101	****** INTEREST EARNED ON BONDS US$					
8 1	INTEREST FM 30.1286 TO 08.01.	8475	5600001		2 488.09	
8 1	INTEREST TO 30.03.87 AT 0, 43	8475	5600001		1 521.85	4 009.94-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	1540000-18002	5600001		23 100.00	27 109.94-
	TRANSACT. & BALANCE	1540000-		0.00	27 109.94	27 109.94-
771103	****** INTEREST EARNED ON BONDS DM					
	TRANSACT. & BALANCE			0.00	0.00	0.00
771110	****** INTEREST EARNED ON BONDS YEN					
	TRANSACT. & BALANCE			0.00	0.00	0.00

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
771120	****** INTEREST EARNED ON BONDS		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00
771201	****** DIVIDENDS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
771210	****** DIVIDENDS		YEN			
	TRANSACT. & BALANCE			0.00	0.00	0.00
771212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0.00	0.00	0.00
772100	****** INTEREST EARNED ON LOANS		FS			
	TRANSACT & BALANCE			0.00	0.00	0.00
772201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	1563100-18004	5600001		8 141.15	8 141.15-
	TRANSACT. & BALANCE	1563100-		0.00	8 141.15	8 141.15-
772301	****** INCOME ON INVESTMENTS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

4201 KOREL ASSETS LEDGER

FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** TRANSIT ACCOUNT		US$			
	GRAND TOTALS			********** 11 611 466 29	********** 11 611 466 29	0.00

H 02040

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** CAPITAL		US$				
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1 1	BROUGHT FORWARD					200 000.00	200 000.00-
2 1	TRANSFER		101001		200 000.00		0.00
	TRANSACT. & BALANCE				200 000.00	200 000.00	0.00
101001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD			5 739 84-	2 339 13		
1 1	1986 P/L. NET BALANCE			56 900 00-		14 329 84	11 990.71-
2 1	TRANSFER		100001			200 000.00	211 990.71-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		520.87		211 469.84-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		132 50		211 337.34-
	TRANSACT & BALANCE			62 639 84-	2 992 50	214 329 84	211 337.34-
101012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			1 061.65-		5 035.72	
1 1	1986 P/L. NET BALANCE				5 035 72		0.00
	TRANSACT. & BALANCE			1 061.65-	5 035.72	5 035.72	0.00
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			1 486.31+	1 436.73		
1 1	1986 P/L. NET BALANCE					1 436.73	0.00
	TRANSACT & BALANCE			1 486.31+	1 436.73	1 436.73	0.00

4227 B. BUTTON
LEDGER

FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
						02842	
101020	****** CAPITAL INVESTED		$AU				
1 1	BROUGHT FORWARD			273.98-		819.20	
1 1	1986 P/L NET BALANCE				819.20		0.00
	TRANSACT & BALANCE			273.98-	819.20	819.20	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
						II 02643	
5	****** ASSETS & LIABILITIES			US$			
517401	****** PRIVATE INVESTMENTS RECEIVABLE			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
526101	****** FID. DEPOSIT - R.N.B.			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE			US$			
	TRANSACT & BALANCE				0.00	0.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER			US$			
1 1	BROUGHT FORWARD	211000+			211 000.00		211 000.00
8 1	SALE	211000-	8475	5600001		211 000.00	
8 1	INTEREST TO 30.03.87 AT 0.437		8475	5600001		207.70	
8 1	REVERSAL		8475	5600001	207.70		0.00
	TRANSACT. & BALANCE				211 207.70	211 207.70	0.00
551401	****** SECURITIES - BEAR STEARNS			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
					H 02844	
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	210000+18001	5600001	210 000.00		210 000.00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	210000-18002	5600001		210 000 00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	213150+18003	5600001	213 150 00		213 150.00
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	214262+18005	5600001	214 262.98		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	213150-18004	5600001		213 150.00	214 262.98
	TRANSACT. & BALANCE	214262+		637 412 98	423 150 00	214 262.98
552201	****** SECURITIES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0 00	0.00	0 00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0.00	0 00	0.00
552417	****** SECURITIES - REED STENHOUSE		HK$			
	TRANSACT. & BALANCE			0 00	0.00	0.00
552420	****** SECURITIES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
52701		****** SECURITIES - STRAUSS TURNBULL	US$					
		TRANSACT. & BALANCE				0.00	0.00	0.00
600001		****** CASH ACCOUNT	US$					
1	1	BROUGHT FORWARD	185500-		62 639.84+	990.71		990.71
8	1	SALE	211000+ 8475	08JCD		211 000.00		
8	1	INTEREST FM 30 1286 TO 08.01.	8475	08JCD		339.58		
8	1	INTEREST TO 30.03.87 AT 0.437	8475	08JCD		207.70		
8	1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	210000-18001	18JCDTO			210 000.00	
8	1	REVERSAL	8475	08JCD			207.70	
8	1	INTEREST TO 30.03.87 AT 0. 43	8475	08JCD		207.70		2 537.99
30	1	MGT FEES 4TH QAURTER 1986	5001	101001			520.87	2 017.12
8	4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	210000+18002	18JCDTO		210 000.00		
8	4	6.0000 EURO-CD TORONTO DOMINION INTEREST	210000+18002	18JCDTO		3 150.00		
8	4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	213150-18003	18J128A			213 150.00	2 017.12
21	4	MGT FEES 1ST QUARTER 1987	6001	101001			132.50	1 884.62
8	5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	214262-18005	18J189A			214 262.98	
8	5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	213150+18004	18J128A		213 150.00		
8	5	CREDIT INTEREST	213150+18004	772201		1 110.15		1 881.79
		TRANSACT. & BALANCE	234388+		62 639.84+	640 155.84	638 274.05	1 881.79

4227 B BUTTON
LEDGER

FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
					H 02646		
600012	****** CASH ACCOUNT		MFK				
	TRANSACT & BALANCE				0.00	0.00	0.00
600017	****** CASH ACCOUNT		HK$				
1 1	BROUGHT FORWARD	750+		1 486.31-	0.00		0.00
	TRANSACT & BALANCE	750+		1 486.31-	0.00	0.00	0.00
600020	****** CASH ACCOUNT		$AU				
	TRANSACT & BALANCE				0.00	0.00	0.00

4227 B BUTTON
LEDGER

FROM 01 01 87 TO 31 05 87

87 05 27 PAGE 7

A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES		US$			
673701	****** BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
/	****** INCOME		US$		H 02648	
/60801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/61401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62201	****** REAL GAINS/LOSSES - MORGAN STANLEY		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62212	****** REAL GAINS/LOSSES - MORGAN STANLEY		MFK			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62417	****** REAL GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62420	****** REAL GAINS/LOSSES - REED STENHOUSE		$AU			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62701	****** REAL GAINS/LOSSES - STRAUSS TURNBU		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
771101	****** INTEREST EARNED ON BONDS			US$			
						II 02849	
8 1	INTEREST FM 30.1286 TO 08.01.	8475	5600001			339.58	
8 1	INTEREST TO 30.03.87 AT 0. 43	8475	5600001			207.70	547.28-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	210000-18002	5600001			3 150.00	3 697.28-
	TRANSACT. & BALANCE	210000-			0.00	3 697.28	3 697.28-
771201	****** DIVIDENDS			US$			
	TRANSACT & BALANCE				0.00	0.00	0.00
771212	****** DIVIDENDS			MFK			
	TRANSACT & BALANCE				0.00	0.00	0.00
772201	****** INTEREST EARNED ON FTD			US$			
8 5	CREDIT INTEREST	213150-18004	5600001			1 110.15	1 110.15-
	TRANSACT. & BALANCE	213150-			0.00	1 110.15	1 110.15-
772301	****** INCOME ON INVESTMENTS			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00

4064 HAKIM ALBERT
LEDGER

FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
900100	****** TRANSIT ACCOUNT		FS			
	TRANSACT & BALANCE			0 00	0 00	0.00
900101	****** TRANSIT ACCOUNT		US$			
	TRANSACT. & BALANCE			0 00	0 00	0.00
	GRAND TOTALS			2 667 653 10	2 667 653 10	0.00

II 02800

4227 B. BUTTON
LEDGER

FROM 01 01 87 TO 31 05 87

87 05 27 PAGE 10

A/C.	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
	GRAND TOTALS			1 699 060 67	1 699 060 67	0.00

11 02850

4064 HAKIM ALBERT
LEDGER FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 1

A/C		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
		****** CAPITAL			US$			
100000		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			FS			
		TRANSACT & BALANCE				0 00	0.00	0 00
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1	BROUGHT FORWARD			39 379 60+		546 035.31	546 035.31-
2	1	TRANSFER		101001		546 035.31		0.00
24	2	PMT INV NO 6297 / STC	1263	5600001		1 500 00		1 500.00
4	3	PMT F 2082 STC INT	1317	5600001		7 331 06		8 831.06
		TRANSACT & BALANCE			39 379 60+	554 866 37	546 035 31	8 831 06
101000		****** CAPITAL INVESTED			FS			
1	1	BROUGHT FORWARD	23000+		7 927.12-	0 00		0 00
		TRANSACT & BALANCE	23000+		7 927 12-	0.00	0.00	0.00
101001		****** CAPITAL INVESTED			US$			
1	1	BROUGHT FORWARD	44890-		137 109 21-	291 654.68		
1	1	1986 P/L. NET BALANCE			56 900.00-		5 212 83	286 441 85
2	1	TRANSFER		100001			546 035.31	259 593.46-
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		1 434.18		258 159.28-
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		159.25		258 000.03-
		TRANSACT & BALANCE	44890-		194 009.21-	293 248.11	551 248.14	258 000.03-

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
						li 02852	
101012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			1 061 65-		5 035 72	
1 1	1986 P/L NET BALANCE				5 035.72		0.00
	TRANSACT & BALANCE			1 061.65-	5 035.72	5 035.72	0.00
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			20 634.01+	25 525.44		
1 1	1986 P/L. NET BALANCE					25 525.44	0.00
	TRANSACT & BALANCE			20 634 01+	25 525 44	25 525 44	0 00
101020	****** CAPITAL INVESTED		$AU				
1 1	BROUGHT FORWARD			624.49-		1 559 71	
1 1	1986 P/L. NET BALANCE				1 559 71		0.00
	TRANSACT & BALANCE			624.49-	1 559 71	1 559.71	0.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES			US$			
05100	****** LOANS PAYABLE			FS			
	TRANSACT & BALANCE				0 00	0 00	0 00
05101	****** LOANS PAYABLE			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
26101	****** FID DEPOSIT - R N B			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
26601	****** FID DEPOSIT - CREDIT SUISSE			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
50801	****** SECURITIES - CAN IMP BK OF COMMER			US$			
1 1	BROUGHT FORWARD	259000+			259 000 00		259 000 00
8 1	SALE	259000-	8475	5600001		259 000 00	
8 1	INTEREST TO 30 03 87 AT 0 437		8475	5600001		254 95	
8 1	REVERSAL		8475	5600001	254 95		0 00
	TRANSACT. & BALANCE				259 254.95	259 254.95	0 00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
551401	****** SECURITIES - BEAR STEARNS			US$			
	TRANSACT & BALANCE				0.00	0.00	0.00
551801	****** SECURITIES - MERRILL LYNCH			US$			
8 1	6.0000 EURO-CD TORONTO DOMINION						
	PURCHASE	250000+18001	5600001		250 000.00		250 000.00
8 4	6.0000 EURO-CD TORONTO DOMINION						
	REDEMPTION	250000-18002	5600001			250 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87						
	FIDUCIARY DEPOSIT	253750+18003	5600001		253 750.00		253 750.00
8 5	6.8750 MERRILL LYNCH 8/7/87						
	FIDUCIARY DEPOSIT	255071+18005	5600001		255 071.00		
8 5	6.2500 MERRILL LYNCH 8/5/87						
	REDEMPTION	253750-18004	5600001			253 750.00	255 071.00
	TRANSACT. & BALANCE	255071+			758 821.00	503 750.00	255 071.00
552201	****** SECURITIES - MORGAN STANLEY			US$			
	TRANSACT & BALANCE				0.00	0.00	0.00
552212	****** SECURITIES - MORGAN STANLEY			MFK			
	TRANSACT. & BALANCE				0.00	0.00	0.00
552417	****** SECURITIES - REED STENHOUSE			HK$			
	TRANSACT. & BALANCE				0.00	0.00	0.00

LEDGER FROM 01 01 87 TO 30 06 87

H 02655

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
52420	****** SECURITIES - REED STENHOUSE $AU						
	TRANSACT & BALANCE				0 00	0 00	0 00
600001	****** CASH ACCOUNT US$						
1 1	BROUGHT FORWARD	431233-		154 629 61+	593 46		593 46
8 1	SALE	259000+	8475 08JCD		259 000 00		
8 1	INTEREST FM 30 1286 TO 08 01		8475 08JCD		416 83		
8 1	INTEREST TO 30 03 87 AT 0 437		8475 08JCD		254 95		
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	250000-	18001 18JCDTO			250 000 00	
8 1	REVERSAL		8475 08JCD			254 95	
8 1	INTEREST TO 30 03 87 AT 0. 43		8475 08JCD		254 95		10 265 24
30 1	MGT FEES 4TH QAURTER 1986		5001 101001			1 434 18	8 831 06
24 2	PMT INV NO 6297 / STC		1263 100001			1 500 00	7 331 06
4 3	PMT F 2082 STC INT		1317 100001			7 331 06	0 00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	250000+	18002 18JCDTO		250 000 00		
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	250000+	18002 18JCDTO		3 750 00		
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	253750-	18003 18J128A			253 750 00	0 00
21 4	MGT FEES 1ST QUARTER 1987		6001 101001			159 25	159 25-
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	255071-	18005 18J189A			255 071 00	
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	253750+	18004 18J128A		253 750 00		
8 5	CREDIT INTEREST	253750+	18004 772201		1 321 61		158 64-
	TRANSACT. & BALANCE	76446+		154 629 61+	769 341 80	769 500 44	158 64-

82-684 O-88-18

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600012	****** CASH ACCOUNT		MFK				
	TRANSACT. & BALANCE				0.00	0.00	0.00
5600017	****** CASH ACCOUNT		HK$				
1 1	BROUGHT FORWARD	10000+		20 634.01-	0.00		0.00
	TRANSACT. & BALANCE	10000+		20 634.01-	0.00	0.00	0.00
5600020	****** CASH ACCOUNT		$AU				
	TRANSACT. & BALANCE				0.00	0.00	0.00
5600300	****** CSF INVOICES		FS				
	TRANSACT. & BALANCE				0.00	0.00	0.00
5600301	****** CSF INVOICES		US$				
	TRANSACT. & BALANCE				0.00	0.00	0.00
5600601	****** CSF DIVERS ACCOUNT		US$				
	TRANSACT. & BALANCE				0.00	0.00	0.00

H 02656

4064	HAKIM ALBERT LEDGER	FROM 01 01 87 TO 30 06 87			87 05 29 PAGE 7
A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
4	****** CHARGES	US$		H 02E57	
471001	****** INTEREST PAID - CURRENT ACCOUNT	US$			
	TRANSACT. & BALANCE		0.00	0.00	0.00
472000	****** INTEREST PAID	FS			
	TRANSACT & BALANCE		0.00	0.00	0.00
472001	****** INTEREST PAID	US$			
	TRANSACT & BALANCE		0.00	0.00	0.00
473701	****** BANK CHARGES	US$			
	TRANSACT. & BALANCE		0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
/	****** INCOME		US$			
/60801	****** REAL. GAINS/LOSSES - CIBC		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/61401	****** REAL. GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/62201	****** REAL. GAINS/LOSSES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/62212	****** REAL GAINS/LOSSES - MORGAN STANLEY		MFK			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62417	****** REAL. GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62420	****** REAL. GAINS/LOSSES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/71101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30.1286 TO 08.01.	8475 5600001			416.83	
8 1	INTEREST TO 30.03.87 AT 0, 43	8475 5600001			254.95	671.78-
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	250000-18002 5600001			3 750.00	4 421.78-

II 02858

4064 HAKIM ALBERT 87 05 29 PAGE 9
LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS		(SUITE)			
	TRANSACT & BALANCE	250000-		0.00	4 421.78	4 421.78
771201	****** DIVIDENDS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
771212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0.00	0.00	0.00
772201	****** INTEREST EARNED ON DEPOSITS		US$			
8 5	CREDIT INTEREST	253750-18004	5600001		1 321.61	1 321.61
	TRANSACT & BALANCE	253750-		0.00	1 321.61	1 321.61-

II 02659

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4064 HAKIM ALBERT 87 01 27 PAGE 1
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** CAPITAL		US$				
100000	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS	FS					
	TRANSACT $ BALANCE				0 00	0 00	0 00
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS	US$					
1 1	BROUGHT FORWARD			200 00+	62 380 00		62 380 00
2 1	TRANSFER	101001				62 380 00	0 00
7 1	TR TO BK OF AMERICA	5008	5600001		50 000 00		50 000 00
15 1	TR TO ALA BORA	5162	5600001		72 580 00		122 580 00
6 2	CASH WITHDRAWAL	5157	5600001		50 000 00		172 580 00
7 2	TR FROM LAKE RESOURCES	5255	5600001			165 000 00	7 580 00
14 3	TR TO LOS GATOS + BC	5331	5600001		20 100 00		27 680 00
26 3	PMT TO A HAKIM	5393	5600001		15 000 00		42 680 00
16 4	CASH WITHDRAWAL	6042	5600001		10 000 00		52 680 00
18 4	NEW FUNDS	6043	5600001			15 000 00	
18 4	NEW FUNDS	6044	5600001			72 580 00	
18 4	PART RBT CASH US$ 10000 -	6045	5600001	5 577 75-		3 000 00	
18 4	CHQ 425 MISC EXPENSES EXPENTRADE	6054	5600001	4 491 10+	2 382 55		34 833 45-
18 4	CHQ 426 A BALESTRA RE/EXPANTRADE	6056	5600001	1 290 00+	684 00		
21 4	PMT INV 9247 EXPANTRADE	6077	5600001		800 00		
21 4	INV 1015 9453 1030 + RENT 6 MONT	6079	5600001	7 382 80+	4 045 37		29 988 08-
22 4	PMT INV R XEROX RE EXPANTRADE	6078	5600001	817 05+	447 70		
22 4	NEW FUNDS	6086	5600001			50 000 00	79 340 38-
1 5	PMT REGISTRE DU COMMERCE	6120	5600001	90 00+	50 00		79 490 38-
15 5	PMT INV CIE DE SERV FID SA	6212	5600001		800 00		78 690 38-
16 5	PMT INV HOTEL INTERCONTINENTAL	6175	5600001	2 744 40+	1 524 67		77 163 71-
20 5	NEW FUNDS	6189	5600001			26 490 00	103 655 71-
21 5	PMT INV BALESTRA SFR 1200 -	6195	5600001		659 34		102 996 37-
23 5	TR FROM HYDE PARK	2394	5600001			500 000 00	602 996 37-
29 5	NEW FUNDS	2448	5600001			258 300 00	861 296 37-
2 6	NEW FUNDS	6269	5600001			79 167 00	940 463 37-
9 6	TR TO LILLICK MCHOSE	6323	5600001		20 000 00		920 463 37-

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CSF INVESTMENTS LTD.
HAMILTON BERMUDA

0364 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

T/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
00001	CAPITAL CONTRIBUTIONS/WITHDRAWA		(SUITE)				
7 5	CASH WITHDRAWAL + AGIO	6328	5600001		5 012 50		215 450 87-
9 6	TR FROM DEFEX	6422	5600001			11 182 00	226 633 87-
7	PMT SALESTRA SFR 1 290.00	7080	5600001		754 39		225 879 48-
9	TRANSFER FM U B S , FRIBOURG	7286	5600001			253 398 00	1 134 277 48-
9	CHQ 481 MR EZZIE HAKIM	7292	5600001		3 766 00		1 130 511 48-
9	TRANSFER TO BLEIN FILS SALESTRA	7398	5600001		735 39		1 129 726 09-
10	CHQ TO RUTTENBERG	4253	5600001		2 000 00		1 127 726 09-
10	TRANSFER	8106	5600001		35 672 60		1 092 053 49-
10	PMT TO VITA LIFE INSURANCE	8036	5600001	19 610 00+	12 339 83		1 079 713 86-
10	TRANSFER TO LOS GATOS	8058	5600001		25 000 00		1 054 713 86-
10	PMT TO VITA LIFE INSURANCE	8074	5600001	8 332 00+	4 983 25		1 049 730 61-
11	TRANSFER RE FORWAY	8160	5600001		503 693 30		546 035 31-
	TRANSACT. & BALANCE			39 379 60+	955 462 69	1 501 498 00	546 035 31-
01000	▮▮▮▮▮▮ CAPITAL INVESTED		FS				
1 1	BROUGHT FORWARD	23000+		7 927 12-	0 00		0 00
12 12	INV 1488		5600300		38 850 75		38 850 75
12 12	PMT INV NO 1488		5600300			38 850 75	0 00
	TRANSACT. & BALANCE	23000+		7 927 12-	38 850 75	38 850 75	0 00
01001	▮▮▮▮▮▮ CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD	244005+		17 261 30+	105 993 63		
1 1	P/L NET BALANCE YEAR 1985				156 681 00		262 674 63
2 1	TRANSFER		100001		62 380 00		325 054 63
16 1	HANDLING FEE	5162	5600001		720 00		325 774 63
16 3	PMT INV NO 9522	1499	5600301			6 043 00	319 731 63
13 5	15 5000 PN 8215 2/4/83 PN 8215 RBT	258300-	2394 5111215			258 300 00	
13 5	15 5000 PN 8215 2/4/83 PN 8215 CANCEL INT	30596-	2394 5111215			30 596 30	

GSF INVESTMENTS LTD.
HAMILTON BERMUDA

4084 HAKIM ALBERT — 87 01 27 PAGE 3
LEDGER FROM 01 01 86 TO 31 12 86 II 02863

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
10*001	CAPITAL INVESTED		(SUITE)				
23 5	15 5000 PN 8215 274783						
	ADJ QTY	1+	5131215		0 00		
23 5	PN 8215 RBT		5600001		258 300 00		289 135 33
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		782 59		289 917 92
9 9	US$7AU$ AT 0.6325	24001	5600001	11 899 91+	7 526 69		297 444 61
18 9	US$7HK$ AT 7.8035	7364	5600001		17 356 38		314 800 99
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		1 892 28		316 693 27
25 11	MKF7US$ AT 20.455	22026	5600001	42 535 72+	8 700 68		325 393 95
23 12	MKF7US$ AT 4.909	8418	5600001	37 500 00-		7 639 03	
23 12	HK$7US$ AT 7.801	8418	5600001	160 965 94-		20 634 01	
23 12	AU$7US$ AT 1.4981	8418	5600001	10 340 20-		6 902 20	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		1 435 97		291 654 68
	TRANSACT. & BALANCE	44890-		137 109 21-	821 769 22	330 114 54	291 654 68
101012	****** CAPITAL INVESTED		MFK				
25 11	MKF7US$ AT 20.455	22026	5600012	8 700 68-		42 535 72	42 535 72-
23 12	MKF7US$ AT 4.909	8418	5600012	33 839 03+	37 500 00		5 035 72-
	TRANSACT. & BALANCE			1 061 65+	37 500 00	42 535 72	5 035 72-
101017	****** CAPITAL INVESTED		MFS				
18 9	US$7HK$ AT 7.8035	7364	5600017			135 440 50	135 440 50-
23 12	HK$7US$ AT 7.801	8418	5600017	20 634 01+	160 965 94		25 525 44
	TRANSACT. & BALANCE			20 634 01+	160 965 94	135 440 50	25 525 44

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

.066 HAKIM ALBERT
LEDGER

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FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
11020	****** CAPITAL INVESTED			$DU		
2 9	US$/AU$ AT 0.6325	24001	5600020	7 526 69-		11 899 91-
3 12	AU$/US$ AT 1.4981	8418	5600020	6 702 20+	10 340 20	1 559 71-
	TRANSACT & BALANCE			824 49-	10 340 20	1 559 71-

4064 HAKIM ALBERT 87 01 27 PAGE 5
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
				02265		
5	****** ASSETS & LIABILITIES		US$			
505100	****** LOANS PAYABLE		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
505101	****** LOANS PAYABLE		US$			
1 1	BROUGHT FORWARD	279802-			279 802 71	279 802 71-
31 3 15 5000	PN 8215 274783					
	PN 8215 INT FR 1/1/86	9093- 1509 672001			9 093 59	288 896 30-
22 4 15 5000	PN 8215 274783					
	PN 8215 PART RBT	35000+ 2181 5600001		35 000 00		
22 4 15 5000	PN 8215 274783					
	PN 8215 CANCEL ENTRY	35000- 2181 5600001			35 000 00	288 896 30-
23 5 15 5000	PN 8215 274783					
	PN 8215 RBT	258300+ 2394 101001		258 300 00		
23 5 15 5000	PN 8215 274783					
	PN 8215 CANCEL INT	30596+ 2394 101001		30 596 30		
23 5 15 5000	PN 8215 274783					
	ADJ QTY	1-	101001	0 00		0 00
	TRANSACT & BALANCE			323 896 30	323 896 30	0 00
26101	****** FID DEPOSIT - R N B		US$			
23 5 6 7500	CALL R.N.B NEW YORK					
	ON CALL	241700+ 2450 5600031		241 700 00		241 700 00
29 5 6 7500	CALL R.N.B NEW YORK					
	ON CALL	258300+ 2450 5600001		258 300 00		500 000 00
18 6 5 2500	RNB NEW YORK CALL					
	ON CALL	120000+ 6446 5600001		120 000 00		620 000 00
30 6 5 2500	RNB NEW YORK CALL					
	OFF CALL	10000- 6446 5600001			10 000 00	610 000 00

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LEDGER — FROM 01 01 86 TO 31 12 86

D/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	5101 FID DEPOSIT - R N B		(SUITE) H 02666			
7	5 2500 RNB NEW YORK CALL OFF CALL	110000-	7175 5600001		110 000.00	500 000.00
7	5 2500 RNB NEW YORK CALL ON CALL	110000+	7175 5600001	110 000.00		610 000.00
7	5 2500 RNB NEW YORK CALL ON CALL	10000+	7175 5600001	10 000.00		620 000.00
3	6 0000 R.N.B. NEW YORK 279786 FIDUCIARY DEPOSIT	500000+	3285 5600001	500 000.00		
8	6 0000 R.N.B. 02/09786 FIDUCIARY DEPOSIT	120000+	7356 5600001	120 000.00		1 240 000.00
8	5 2500 RNB NEW YORK CALL OFF CALL	120000-	7353 5600001		120 000.00	1 120 000.00
8	5 2500 RNB NEW YORK CALL ON CALL	120000+	7353 5600001	120 000.00		1 240 000.00
8	6.7500 CALL R.N.B. NEW YORK OFF CALL	343000-	3373 5600001		343 000.00	
8	5.2500 RNB NEW YORK CALL OFF CALL	120000-	7353 5600001		120 000.00	
8	5.3750 R.N.B. 03/09786 FIDUCIARY DEPOSIT	120000+	7358 5600001	120 000.00		897 000.00
9	6.0000 R.N.B. NEW YORK 279786 REDEMPTION	500000-	3337 5600001		500 000.00	
9	6 0000 R.N.B. 02/09786 REDEMPTION	120000-	7357 5600001		120 000.00	
9	6.7500 CALL R N B NEW YORK OFF CALL	157000-	3528 5600001		157 000.00	120 000.00
9	5.3750 R.N.B. 03/09786 REDEMPTION	120000-	7369 5600001		120 000.00	0.00
9	6.7500 CALL R.N.B. NEW YORK ON CALL	200000+	3528 5600001	200 000.00		200 000.00
9	5 2500 RNB NEW YORK CALL ON CALL	90000+	7438 5600001	90 000.00		290 000.00
10	6.7500 CALL R.N.B. NEW YORK OFF CALL	100000-	4285 5600001		100 000.00	190 000.00
10	6.7500 CALL R.N.B. NEW YORK OFF CALL	100000+	4285 5600001		100 000.00	90 000.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
526101	FID DEPOSIT - R.N.B (SUITE) H-02667				
10 11	5.2500 RNB NEW YORK CALL				
	OFF CALL	90000- 8199 5600001		90 000 00	0 00
	TRANSACT. & BALANCE		1 890 000 00	1 890 000 00	0 00
526601	▮▮▮▮▮▮ FID DEPOSIT - CREDIT SUISSE US$				
9 8	6.1250 CALL CREDIT SUISSE				
	ON CALL	560000+ 6290 5600001	56 000 00		56 000 00
16 8	6.1250 CALL CREDIT SUISSE				
	OFF CALL	56000- 6320 5600001		56 000 00	0 00
24 9	6.1250 CALL CREDIT SUISSE				
	ON CALL	560000+ 7416 5600001	560 000 00		560 000 00
12 11	6.1250 CALL CREDIT SUISSE				
	OFF CALL	560000- 8151 5600001		560 000 00	0 00
	TRANSACT. & BALANCE		616 000 00	616 000 00	0 00
550301	▮▮▮▮▮▮ SECURITIES - CAN IMP BK OF COMMER US$				
30 10	6.4375 CIBC CERTIFICATES DEPOSI				
	PURCHASE	259000- 8475 5600001	259 000 00		259 000 00
	TRANSACT. & BALANCE	259000-	259 000 00	0 00	259 000 00
551401	▮▮▮▮▮▮ SECURITIES - BEAR STEARNS US$				
19 9	KEYSTONE INTERNATIONAL INC				
	PURCHASE	500+14084 5600001	6 812 50		6 812 50
30 10	KEYSTONE INTERNATIONAL INC				
	TENDERED	8298 5600001		6 829	6 812 21
12 11	CITIZENS FINANCIAL GROUP INC				
	PURCHASE	600+14100 5600001	22 702 [illegible]		[illegible]

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LEDGER FROM 01 01 86 TO 31 12 86

T/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
51401	SECURITIES - BEAR STEARNS		(SUITE) li 02868			
7 12	KEYSTONE INTERNATIONAL INC					
	SALE	500-14104	5600001		333 75	
7 12	KEYSTONE INTERNATIONAL INC					
	GAIN		761401	225 74		22 702 81
9 12	CITIZENS FINANCIAL GROUP INC					
	SALE	500-14115	5600001		22 779 70	
9 12	CITIZENS FINANCIAL GROUP INC					
	LOSS		761401		165 31	0 00
	TRANSACT. & BALANCE			29 741 25	29 741 25	0 00
51801	▮▮▮▮▮▮ SECURITIES - MERRILL LYNCH		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00
52201	▮▮▮▮▮▮ SECURITIES - MORGAN STANLEY		US$			
16 5	JOHNSON ELECTRIC ORD (HONG KONG)					
	PURCHASE	10000+22020	5600001	6 100 00		6 100 00
16 12	JOHNSON ELECTRIC ORD (HONG KONG)					
	SALE	10000-22051	5600001	56 900 00-	7 301 89	
16 12	JOHNSON ELECTRIC ORD (HONG KONG)					
	GAIN		762201	56 900 00+	1 201 89	0 00
	TRANSACT. & BALANCE			7 301 89	7 301 89	0 00
52212	▮▮▮▮▮▮ SECURITIES - MORGAN STANLEY		MFK			
5 11	POHJOLA (NEWS) B					
	PURCHASE	500+22026	5600012	42 535 72		42 535 72
2 12	POHJOLA (NEWS) B					
	SALE	500-22030	5600012		37 500 00	
2 12	POHJOLA (NEWS) B					
	LOSS		762212		5 035 72	0 00

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	GAIN	782201	36 900.00+	1 201.89		0.00
	TRANSACT. & BALANCE			7 301.89	7 301.89	0.00
52212	▮▮▮▮▮▮ SECURITIES - MORGAN STANLEY	MFK				
25 11	POHJOLA (NEWS) B					
	PURCHASE	500+22026 5600012		42 535.72		42 535.72
22 12	POHJOLA (NEWS) B					
	SALE	500-22030 5600012			37 500.00	
23 12	POHJOLA (NEWS) B					
	LOSS	782212			5 035.72	0.00

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
7212	SECURITIES - MORGAN STANLEY (SUITE) # 02820				
	TRANSACT & BALANCE		42 535 72	42 535 72	0 00
3417	****** SECURITIES - REED STENHOUSE HK$				
[illegible]	HONG KONG LAND				
	PURCHASE	20000+24002 5600017	135 440 50		135 440 50
16 10	DAIRY FARM				
	RCVD FREE 1 X 2 H K LAND	10000+24004 #	15 440 50		
16 10	HONG KONG LAND				
	RCVD FREE 1 X 2 H K LAND	24004 #240F		15 440 50	135 440 50
4 11	DAIRY FARM				
	SALE	4000-24005 5600017		9 922 50	
4 11	DAIRY FARM				
	GAIN	762417	3 746 30		
4 11	HONG KONG LAND				
	PURCHASE	1528+24006 5600017	9 920 88		139 185 13
17 12	HONG KONG LAND				
	SALE	21528-24008 5600017		139 717 47	
17 12	HONG KONG LAND				
	GAIN	762417	9 796 59		
17 12	DAIRY FARM				
	COST ON DAIRY FARM	24007 5600017	4 690 90		
17 12	DAIRY FARM				
	SALE	6000-24007 5600017		25 937 75	
17 12	DAIRY FARM				
	GAIN	762417	11 982 55		0 00
	TRANSACT. & BALANCE		191 018 22	191 018 22	0 00

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LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	## 02871 DEBIT	CREDIT	BALANCE
552420	▮▮▮▮▮▮ SECURITIES - REED STENHOUSE	$AU				
9 9	TECHNOMIN					
	PURCHASE	25000+24001	5600020	11 899 91		11 899 91
23 12	TECHNOMIN					
	SALE	25000-24009	5600020		10 340 20	
23 12	TECHNOMIN					
	LOSS		762420		1 559 71	0 00
	TRANSACT. & BALANCE			11 899 91	11 899 91	0 00
5600001	▮▮▮▮▮▮ CASH ACCOUNT		US$			
1 1	BROUGHT FORWARD	172733-		17 461 30-	39 208 92	39 208 92-
7 1	TR. TO BK OF AMERICA	5008	100001		50 000 00	
7 1	BANK CHARGES	5008	673701		2 39	89 211 31-
5 1	TR. TO ALA BORA	5162	100001		72 580 00	
16 1	HANDLING FEE	5162	101001		720 00	162 511 31-
6 2	CASH WITHDRAWAL	5157	100001		50 000 00	212 511 31-
7 2	TR FROM LAKE RESOURCES	5255	100001	165 000 00		47 511 31-
14 3	TR. TO LOS GATOS + BC	5331	100001		20 100 00	67 611 31-
26 3	PMT TO A. HAKIM	5393	100001		15 000 00	82 611 31-
2 4	DI AT 8 % FROM 17778	6055	671001		2 920 00	85 531 31-
16 4	CASH WITHDRAWAL	6042	100001		10 000 00	95 531 31-
18 4	NEW FUNDS	6043	100001	15 000 00		
18 4	NEW FUNDS	6044	100001	72 580 00		
18 4	PART. RBT CASH US$ 10000 -	6045	100001	5 577 75+ 3 000 00		
18 4	CHG 425 MISC. EXPENSES EXPENTRADE	6054	100001	4 491 10-	2 382 55	
18 4	CHG 426 A. BALESTRA RE/EXPANTRADE	6056	100001	1 290 00-	684 00	8 017 86-
21 4	PMT INV. 9247 EXPANTRADE	6077	100001		800 00	
21 4	INV. 1015.9453.1030 + RENT 6 MONT	6079	100001	7 382 80-	4 045 37	12 863 23-
22 4	15.5000 PN 8215 274783					
	PN 8215 PART RBT	35000-	2181 5131215		35 000 00	
22 4	15.5000 PN 8215 274783					
	PN 8215 CANCEL ENTRY	35000+	2181 5131215	35 000 00		

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LEDGER FROM 01 01 86 TO 31 12 86 02872

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
000001		CASH ACCOUNT (SUITE)					
2	4	PMT INV P XEROX RE EXPANTRADE	6078 100001	317 05-		417 70	
2	4	NEW FUNDS	6086 100001		50 000 00		28 689 07
1	5	PMT REGISTRE DU COMMERCE	6120 100001	90 00-		50 00	35 839 07
15	5	PMT INV CIE DE SERV FID SA	6212 100001			800 00	35 939 07
16	5	PMT INV HOTEL INTERCONTINENTAL	6175 100001	2 744 40-		1 524 67	
17	5	JOHNSON ELECTRIC ORD (HONG KONG) PURCHASE	10000-22020 22JOHN			6 100 00	23 214 60
20	5	NEW FUNDS	5187 100001		26 490 00		34 704 40
21	5	PMT INV BALESTRA SFR 1200 -	6195 100001			659 34	34 045 06
23	5	PN 8215 RBT	101001			258 300 00	
23	5	TR FROM HYDE PARK	2394 100001		500 000 00		
23	5	6.7500 CALL R.N.B. NEW YORK ON CALL	241700- 2430 6111602			241 700 00	54 045 06
29	5	NEW FUNDS	2448 100001		258 300 00		
29	5	6.7500 CALL R.N.B. NEW YORK ON CALL	258300- 2430 6111602			258 300 00	54 045 06
2	6	NEW FUNDS	6269 100001		79 167 00		133 212 06
7	6	6.1250 CALL CREDIT SUISSE ON CALL	56000- 6290 661000K			56 000 00	
9	6	TR TO LILLICK MCHOSE	6323 100001			20 000 00	57 212 06
15	6	INTEREST	2496 772201		523 37		57 737 43
16	6	6.1250 CALL CREDIT SUISSE OFF CALL	56000+ 6320 661000K		56 000 00		
16	6	CALL INT	6384 772201		65 33		113 802 76
17	6	CASH WITHDRAWAL + AGIO	6328 100001			5 012 50	108 790 26
18	6	5.2500 RNB NEW YORK CALL ON CALL	120000- 6446 6111600			120 000 00	11 209 74-
19	6	TR FROM DEFEX	6422 100001		11 183 00		26 74-
30	6	5.2500 RNB NEW YORK CALL OFF CALL	10000+ 6446 6111600		10 000 00		9 973 26
2	7	5.2500 RNB NEW YORK CALL OFF CALL	110000+ 7175 6111600		110 000 00		119 973 26
7	7	MGT FEES 2ND QUARTER 1986	7001 101001			782 59	119 190 67
9	7	CALL INTEREST JUNE	7078 772201		276 03		119 466 70
10	7	INTEREST	3096 772201		2 671 23		122 137 93
15	7	5.2500 RNB NEW YORK CALL					

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LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)					
	ON CALL	110000-	7175 611J600		110 000 00	12 137 93
18 7	5.2500 RNB NEW YORK CALL					
	ON CALL	10000-	7175 611J600		10 000 00	2 137 93
21 7	PMT BALESTRA SFR 1.290.00		7080 100001		754.39	1 383 54
31 7	CALL INTEREST		7206 772201	348.49		1 732 03
6 8	INTEREST		3209 772201	2 547.94		4 279 97
18 8	6.0000 R.N.B. NEW YORK 279786					
	FIDUCIARY DEPOSIT	500000-	3285 611J245B		500 000 00	
18 8	6.0000 R.N.B. 02709786					
	FIDUCIARY DEPOSIT	120000-	7356 611J245A		120 000 00	615 720 03-
21 8	5.2500 RNB NEW YORK CALL					
	OFF CALL	120000+	7353 611J600	120 000 00		495 720 03-
28 8	5.2500 RNB NEW YORK CALL					
	ON CALL	120000-	7353 611J600		120 000 00	615 720 03-
7 8	6.7500 CALL R.N.B. NEW YORK					
	OFF CALL	343000+	3373 611J602	343 000.00		
29 8	5.2500 RNB NEW YORK CALL					
	OFF CALL	120000+	7353 611J600	120 000.00		
29 8	5.3750 R.N.B. 03709786					
	FIDUCIARY DEPOSIT	120000-	7358 611J246A		120 000.00	372 720 03-
2 9	TRANSFER FM U.B.S., FRIBOURG		7286 100001	258 398 00		
2 9	6.0000 R.N.B. NEW YORK 279786					
	REDEMPTION	500000+	3337 611J245B	500 000 00		
2 9	INTEREST		3337 772201	1 232.88		
2 9	6.0000 R.N.B. 02709787					
	REDEMPTION	120000+	7357 611J245A	120 000 00		
2 9	INTEREST		7357 772201	295.89		
2 9	INTEREST		7357 772201	123.29		
2 9	6.7500 CALL R.N.B. NEW YORK					
	OFF CALL	157000+	3528 611J602	157 000 00		61 730 03
3 9	CHQ 481 MR EZZIE HAKIM		7292 100001		3 766 00	
3 9	5.3750 R.N.B. 03709786					
	REDEMPTION	120000+	7369 611J246A	120 000 00		
3 9	INTEREST		7369 772201	88 35		880 652 38
8 9	CALL INT.		7371 772201	376 08		
8 9	6.7500 CALL R.N.B. NEW YORK					

C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
0001	CASH ACCOUNT (SUITE)						
	ON CALL	200000-	3528	6111602		700 000 00	681 030 45
7	9 US$ 30$ AT 0.3325		2400I	101001	17 329 23		663 701 22
1	9 5 2500 RNB NEW YORK CALL						
	ON CALL	90000-	7438	6111600		90 000 00	573 701 22
3	9 INTEREST		3426	772201	2 333 72		576 034 94
3	9 US$/HK$ AT 7 8035		7364	101001		17 755 28	558 279 66
3	9 KEYSTONE INTERNATIONAL INC						
	PURCHASE	500-	14084	14K11		2 812 50	555 467 16
24	9 6 1250 CALL CREDIT SUISSE						
	ON CALL	560000-	7416	661000K		560 000 00	4 532 84
29	9 TRANSFER TO BLEIN FILS BALESTRA		7398	100001		785 39	3 747 45
1	10 6 7500 CALL R N B NEW YORK						
	OFF CALL	100000+	4285	6111602	100 000 00		103 747 45
3	10 6 7500 CALL R N B NEW YORK						
	OFF CALL	100000+	4285	6111602	100 000 00		203 747 45
7	10 CALL INTEREST		8029	772201	245 96		203 993 41
10	10 CHQ TO RUTTENBERG		4253	100001		2 000 00	
10	10 BANK CHARGES		4253	673701		50 00	201 943 41
14	10 CALL INTEREST		8047	772201	1 555 55		
14	10 TRANSFER		8106	100001		85 672 60	117 826 36
15	10 INTEREST		4105	772201	655 46		
15	10 MGT FEES 3RD QUARTER 1986		8001	101001		1 892 26	116 589 56
17	10 PMT TO VITA LIFE INSURANCE		8036	100001	19 610 00-	12 339 63	84 239 93
21	10 TRANSFER TO LOS GATOS		8058	100001		25 000 00	59 239 93
24	10 PMT TO VITA LIFE INSURANCE		8074	100001	8 332 00-	4 983 25	45 924 68
30	10 KEYSTONE INTERNATIONAL INC						
	TENDERED		8298	14K11	0 29		45 924 97
3	11 CALL INTEREST		8193	772201	401 30		46 326 27
3	11 TRANSFER RE FORWAY		8160	100001		503 695 30	
10	11 5 2500 RNB NEW YORK CALL						
	OFF CALL	90000+	8199	6111600	90 000 00		
10	11 INTEREST		4288	772201	28 76		341 862 52-
12	11 6 1250 CALL CREDIT SUISSE						
	OFF CALL	560000+	8151	661000K	560 000 00		
12	11 CALL INTEREST		8151	772201	2 199 76		
12	11 CITIZENS FINANCIAL GROUP INC						

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)				
	PURCHASE	600-14100	14CITN			22 702 81	197 633 83
25 11	MKF/US$ AT 20 455	22026	101001	42 535 72-		6 700 68	
25 11	KEYSTONE INTERNATIONAL INC.						
	DIVIDEND	500+ 8391	14KII		42 00		188 975 15
16 12	JOHNSON ELECTRIC ORD. (HONG KONG)						
	SALE	10000+22051	22JOHN	56 900 00+	7 301 89		196 277 04
17 12	KEYSTONE INTERNATIONAL INC						
	SALE	500+14104	14KII		7 038 15		203 315 19
19 12	CITIZENS FINANCIAL GROUP INC						
	SALE	600+14115	14CITN		22 539 00		225 854 19
23 12	MKF/US$ AT 4.909	8418	101001	37 500 00+	7 639 03		
23 12	HK$/US$ AT 7.801	8418	101001	160 965 94+	20 634 01		
23 12	AU$/US$ AT 1.4961	8418	101001	10 340 20+	6 902 20		
23 12	MGT FEES 4TH QUARTER 86	8428	101001			1 435 97	259 593 46
30 12	6.4375 CIBC CERTIFICATES DEPOSI						
	PURCHASE	259000-	8475	08JCD		259 000 00	593 46
	TRANSACT & BALANCE	431233-		154 629 61+	4 068 187 26	4 067 593 90	593 46
5600012	****** CASH ACCOUNT		MFK				
25 11	MKF/US$ AT 20 455	22026	101012	6 700 68+	42 535 72		
25 11	PORJOLA (NEWS) B						
	PURCHASE	500-22026	22PORJ			42 535 72	0 00
22 12	PORJOLA (NEWS) B						
	SALE	500+22030	22PORJ		37 500 00		37 500 00
23 12	MKF/US$ AT 4.909	8418	101012	7 639 03-		37 500 00	0 00
	TRANSACT & BALANCE			1 061 65+	80 035 72	80 035 72	0 00

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LEDGER FROM 01 01 86 TO 31 12 86

REC	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
700017	****** CASH ACCOUNT	HK$				
2 9	HONG KONG LAND					
	PURCHASE	20000-24002 24HKL			135 440 50	135 440 50-
3 9	US$/HK$ AT 7.8035	7364 101017		135 440 50		0.00
4 11	DAIRY FARM					
	SALE	4000+24005 24DF		7 922 50		
1 11	HONG KONG LAND					
	PURCHASE	1528-24006 24HKL			9 920 88	1.62
12 12	HONG KONG LAND					
	SALE	21528+24008 24HKL		139 717 47		
7 12	DAIRY FARM					
	COST ON DAIRY FARM	24007 24DF			4 690.90	
7 12	DAIRY FARM					
	SALE	6000+24007 24DF		25 937.75		160 965.94
23 12	HK$/US$ AT 7.801	8418 101017	20 634.01-		160 965.94	0.00
	TRANSACT. & BALANCE	10000+	20 634.01-	311 018.22	311 018.22	0.00
800020	****** CASH ACCOUNT	$AU				
9 9	US$/AU$ AT 0.6325	24001 101020	7 526.69+	11 899.91		
9 9	TECHNOMIN					
	PURCHASE	25000-24001 24TECH			11 899.91	0.00
3 12	TECHNOMIN					
	SALE	25000+24009 24TECH		10 340.20		
23 12	AU$/US$ AT 1.4981	8418 101020	6 902.20-		10 340.20	0.00
	TRANSACT. & BALANCE		624.49+	22 240.11	22 240.11	0.00

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600300	▮▮▮▮▮▮ CSF INVOICES		FS			
2 12	INV 1488		101000		38 850 75	38 850 75-
12 12	PMT INV NO 1488		101000	38 850 75		0 00
	TRANSACT. & BALANCE			38 850 75	38 850 75	0 00
5600301	▮▮▮▮▮▮ CSF INVOICES		US$			
1 1	BROUGHT FORWARD				6 043 00	6 043 00-
26 3	PMT INV NO 9522	1499	101001	6 043 00		0 00
	TRANSACT. & BALANCE			6 043 00	6 043 00	0 00
5600601	▮▮▮▮▮▮ CSF DIVERS ACCOUNT		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00

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LEDGER — FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	▮▮▮▮▮▮ CHARGES		US$			
1001	▮▮▮▮▮▮ INTEREST PAID - CURRENT ACCOUNT		US$			
	6 01 AT 3 % FROM 171183		5035 5300001	2 920 00		2 920 00
	TRANSACT & BALANCE			2 920 00	0 00	2 920 00
72000	▮▮▮▮▮▮ INTEREST PAID		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
2001	▮▮▮▮▮▮ INTEREST PAID		US$			
31	3 15 5000 PN 8215 274783					
	PN 8215 INT FR 171186	9093+	1509 5111215	9 093 59		9 093 59
	TRANSACT. & BALANCE	9093+		9 093 59	0 00	9 093 59
3701	▮▮▮▮▮▮ BANK CHARGES		US$			
7	1 BANK CHARGES		5008 5600001	2 39		2 39
10	10 BANK CHARGES		4253 5600001	50 00		52 39
	TRANSACT. & BALANCE			52 39	0 00	52 39

534

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
7	▮▮▮▮▮▮ INCOME			US$			
760801	▮▮▮▮▮▮ REAL. GAINS/LOSSES - CIBC			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
761401	▮▮▮▮▮▮ REAL. GAINS/LOSSES - BEAR STEARNS			US$			
17 12	KEYSTONE INTERNATIONAL INC.						
	GAIN		14KII			225.94	225.94-
19 12	CITIZENS FINANCIAL GROUP INC						
	LOSS		14CITN		163.81		62.13-
	TRANSACT. & BALANCE				163.81	225.94	62.13-
762201	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY			US$			
16 12	JOHNSON ELECTRIC ORD (HONG KONG)						
	GAIN		22JOHN	56 900.00-		1 201.85	1 201.85-
	TRANSACT. & BALANCE			56 900.00-	0.00	1 201.85	1 201.85-
762212	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY MFI						
22 12	POHJOLA (NEWS) B						
	LOSS		22POHJ		5 035.72		5 035.72
	TRANSACT. & BALANCE				5 035.72	0.00	5 035.72

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
2417	▮▮▮▮▮▮ REAL GAINS/LOSSES - REED STENHOUSE HK$					
7 11	DAIRY FARM					
	GAIN		24DF		3 746 30	3 746 30-
7 12	HONG KONG LAND					
	GAIN		24HKL		9 795 57	
7 12	DAIRY FARM					
	GAIN		24DF		11 982 55	25 525 44-
	TRANSACT. & BALANCE			0.00	25 525 44	25 525 44-
2420	▮▮▮▮▮▮ REAL GAINS/LOSSES - REED STENHOUSE $AU					
5 12	TECHNOMIN					
	LOSS		24TECH	1 559 71		1 559 71
	TRANSACT. & BALANCE			1 559 71	0.00	1 559 71
71201	▮▮▮▮▮▮ DIVIDENDS		US$			
5 11	KEYSTONE INTERNATIONAL INC.					
	DIVIDEND	500- 8391	5600001		42 00	42 00-
	TRANSACT. & BALANCE	500-		0.00	42 00	42 00-
71212	▮▮▮▮▮▮ DIVIDENDS		HK$			
	TRANSACT. & BALANCE			0.00	0 00	0 00

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

H 02881

4064 HAKIM ALBERT — 87 01 27 PAGE 20
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
772201	****** INTEREST EARNED ON DEPOSITS	US$				
15 6	INTEREST	2496	5600001		525 37	525 37-
16 6	CALL INT	6384	5600001		65 33	590 70-
9 7	CALL INTEREST JUNE	7078	5600001		276 03	866 73-
10 7	INTEREST	3096	5600001		2 671 23	3 537 96-
31 7	CALL INTEREST	7206	5600001		348 49	3 886 45-
6 8	INTEREST	3209	5600001		2 547 94	6 434 39-
2 9	INTEREST	3337	5600001		1 232 88	
2 9	INTEREST	7357	5600001		295 89	
2 9	INTEREST	7357	5600001		123 29	8 086 45-
3 9	INTEREST	7369	5600001		88 35	8 174 80-
8 9	CALL INT	7371	5600001		378 08	8 552 88-
15 9	INTEREST	3426	5600001		2 333 72	10 886 60-
7 10	CALL INTEREST	8029	5600001		245 96	11 132 56-
14 10	CALL INTEREST	8047	5600001		1 555 55	12 688 11-
15 10	INTEREST	4105	5600001		655 46	13 343 57-
3 11	CALL INTEREST	8193	5600001		401 30	13 744 87-
10 11	INTEREST	4288	5600001		28 76	13 773 63-
12 11	CALL INTEREST	8151	5600001		1 199 16	15 972 79-
	TRANSACT & BALANCE			0.00	15 972 79	15 972 79-

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

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784 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** TRANSIT ACCOUNTS		US$			
0100	****** TRANSIT ACCOUNT		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
0101	****** TRANSIT ACCOUNT		US$			
	TRANSACT & BALANCE			0 00	0.00	0 00
	GRAND TOTALS			9 741 482.47	9 741 432 47	0 00

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

II 02883

4064001 ****** HAKIM ALBERT CASH US$

1	1	BROUGHT FORWARD		17 461.30+	16 088.69		16 088.69
7	1	MGT FEES 4TH QUARTER 1984	5066 #720001		150.00		16 238.69
14	2	CHQ S.T.T. INTL	5351 5606001		5 000.00		
14	2	BANK CHARGES	5351 790001		20.00		21 258.69
21	2	RBT CHQ S.T.T INTL + BK CHARGES	5351 5606001			5 020.00	16 238.69
25	2	CHQ 393 STANFORD TECHN.	5214 5606001		8 000.00		
25	2	BC RE CHQ 393	5214 790001		10.00		
25	2	RBT CHQ 393	5214 5606001			8 010.00	16 238.69
2	4	MGT FEES 1ST Q 85	6001 #720001		150.00		16 388.69
6	6	TRANSFER	2447 5900001			896.85	15 491.84
8	7	MGT FEES 2ND QUARTER 85	7001 #720001		150.00		15 641.84
17	12	BAL. OF A/C PHASE I,II AND III	8333 999901			82 031.09	
17	12	PROFIT DISTRIBUTION PHASE IV	8333 999901			100 800.00	
17	12	PN 8218 REDEMPTION	4550 5900001		143 998.17		23 191.08-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

2000 C.S.F. INV. LTD

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000 C.S.F. INV. LTD 86 03 13 PAGE 206
LEDGER FROM 01 01 85 TO 31 12 85

/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	64001 HAKIM ALBERT	CASH	(SUITE)			
6	12 RD. CASH WITHDRAWAL	8387	5606001	62 400.00		39 208.92
	TRANSACT. & BALANCE		17 461.30+	235 966.86	196 757.94	39 208.92
	64101 ****** HAKIM ALBERT	LOANS	US$			
1	1 BROUGHT FORWARD			517 139.88		517 139.88
8	2 PN 8218 INT FR 1/1/84	1373	5900101	81 475.73		598 615.61
1	5 PN 8218 INT FR 1/3/85	2385	5900101	11 547.08		
1	5 PN 8218 PART RBT	2385	5900101		Y250 000.00	360 162.69
0	6 PN 8218 INT FR 21/5	2496	5900101	1 949.37		362 112.06
0	9 PN 8215 INT FR 30/6/85	3458	5900101	44 028.69		
0	9 PN 8218 INT FR 30/6/85	3458	5900101	4 665.79		410 806.54
7	12 PN 8218 ADJ. INT 17/12-31/12	4550	5900101		682.05	
7	12 PN 8218 REDEMPTION	4550	5900101		Y143 998.17	266 126.32
1	12 PN 8215 INT 4TH QUARTER 85	4504	5900101	8 902.10		
1	12 PN 8218 INT 4TH QUARTER 85	4505	5900101	4 774.29		279 802.71
	TRANSACT. & BALANCE			674 482.93	394 680.22	279 802.71
	64301 ****** HALBERT HAKIM		US$			
1	7 TEL CHARGES	91	#631001	63.75		63.75
1	8 TEL CHARGES	92	#631001	70.00		133.75
	TRANSACT. & BALANCE			133.75	0.00	133.75
	64601 ****** HAKIM ALBERT	MISCEL	US$			
1	1 BROUGHT FORWARD				896.85	896.85-
6	6 TRANSFER	2447	5900601	896.85		0.00
				896.85	896.85	0.00

INTERNATIONAL TRUST LTD.
HAMILTON, BERMUDA

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
		****** CAPITAL		US$				
					H 02885			
00000		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		FS				
		TRANSACT. & BALANCE				0.00	0.00	0.00
00001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
9	2	TR TO BK OF THE WEST	1516	5600001		59 500.00		59 500.00
14	2	N/F SFR 133279	1350	5600001			59 500.00	0.00
1	3	TR. FF 10000.- LA ROCHELLE	1564	5600001		1 265.00		1 265.00
5	3	TR. LOS GATOS (CARPETS)	1705	5600001		38 000.00		39 265.00
1	4	RBT PN 8304 STC	2052	5600001		3 294.11		42 559.11
16	5	PMT F. 7340		5600001		51.39		42 610.50
3	9	CHG 168 SAUNDERS	3450	5600001	200.00+	261.82		42 872.32
		TRANSACT. & BALANCE			200.00+	102 372.32	59 500.00	42 872.32
01000		****** CAPITAL INVESTED		FS				
1	T	BROUGHT FORWARD	23000+			15 777.69		
1	1	4TH QTR P/L. NET BALANCE				1 483.61		17 261.30
23	2	PMT F. 7338	1438	5600300	7 927.12-		17 261.30	0.00
		TRANSACT. & BALANCE	23000+		7 927.12-	17 261.30	17 261.30	0.00
01001		****** CAPITAL INVESTED		US$				
1	1	BROUGHT FORWARD	493323+			434 417.51		
1	T	4TH QTR P/L. NET BALANCE					6 133.27	428 284.24
5	1	MGT FEE 4TH Q 83	1004	5600001		150.00		428 434.24
23	2	PMT F. 7338	1438	5600001	17 261.30+	7 927.12		436 361.36
5	4	MGT FEE 1ST Q 84	2001	5600001		150.00		436 511.36

INVESTMENTS LTD.
HAMILTON BERMUDA

4064 HAKIM ALBERT
LEDGER

FROM 01 01 84 TO 31 12 84

85 01 13 PAGE 2

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
01001	CAPITAL INVESTED			(SUITE) # 02886			
19 9	PMT INV NO 7136/6364 CONTEC	3586	5600601		1 486.57		437 997.93
5 10	MGT FEES 3RD Q 84	637	5600001		150.00		
5 10	MGT FEES 2ND Q 84	637	5600001		150.00		438 297.93
	TRANSACT. & BALANCE	4933234		17 261.30+	444 431.20	6 133.27	438 297.93

F INVESTMENTS LTD.
HAMILTON, BERMUDA

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4064 HAKIM ALBERT — 85 01 13 PAGE 3

LEDGER — FROM 01 01 84 TO 31 12 84

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES			US$			11 02887
0	****** LOANS & INV. PAYABLE			US$			
05	****** LOANS & INVEST. PAYABLE WITH CSF			US$			
05100	****** LOANS PAYABLE			FS			
	TRANSACT. & BALANCE				0.00	0.00	0.00
05101	****** LOANS PAYABLE			US$			
1 1	BROUGHT FORWARD	465267-				465 267.96	465 267.96-
30 6	15.5000 PN 8215 274/83	8					
	PN 8215 INT FR 278/82 15.5	51872-	2887	672001		51 871.92	517 139.88-
	TRANSACT. & BALANCE	517139-			0.00	517 139.88	517 139.88-
2	****** FIXED TIME DEP. THROUGH CSF			US$			
25601	****** CONTINENTAL BANK BRUSSELS			US$			
24 1	9.5000 CONTINENTAL BANK 2474784 8						
	FIDUCIARY DEPOSIT	30000+	88	5600001	30 000.00		30 000.00
24 4	9.5000 CONTINENTAL BANK 2474784 8						
	REDEMPTION	30000-	209	5600001		30 000.00	0.00
	TRANSACT. & BALANCE				30 000.00	30 000.00	0.00

F INVESTMENTS LTD.
HAMILTON BERMUDA

4064 HAKIM ALBERT — 85 01 13 PAGE 4

LEDGER — FROM 01 01 84 TO 31 12 84

A/C	NAME & DESCRIPTION		DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
56	****** CASH IN HAND			US$				# 02688
5600000	****** CSF CURRENT ACCOUNT			FS				
1 1	BROUGHT FORWARD	23000-				0.00		0.00
	TRANSACT. & BALANCE	23000-				0.00	0.00	0.00
5600001	****** CSF CURRENT ACCOUNT			US$				
1 1	BROUGHT FORWARD	28056-				34 600.30		34 600.30
5 1	MGT FEE 4TH Q 83		1004	101001			150.00	34 450.30
24 1	9.5000 CONTINENTAL BANK 24/4/84 8 FIDUCIARY DEPOSIT	30000-	88	561115B			30 000.00	4 450.30
9 2	TR TO BK OF THE WEST		1516	100001			59 500.00	55 049.70-
14 2	W/F SFR 133279		1350	100001		59 500.00		4 450.30
23 2	PMT F. 7338		1438	101001	17 261.30-		7 927.12	3 476.82-
1 3	TR. FF 10000.- LA ROCHELLE		1564	100001			1 265.00	
1 3	BANK CHARGES		1564	673701			10.00	4 751.82-
5 3	TR LOS GATOS (CARPETS)		1705	100001			38 000.00	42 751.82-
1 4	RBT PN 8304 STC		2052	100001			3 294.11	46 045.93-
5 4	MGT FEE 1ST Q 84		2001	101001			150.00	46 195.93-
24 4	9.5000 CONTINENTAL BANK 24/4/84 8 REDEMPTION	30000+	209	561115B		30 000.00		
24 4	INTEREST		209	772201		720.45		15 475.48-
16 5	PMT F. 7340			100001			51.39	15 526.87-
3 9	CHG 168 SAUNDERS		3450	100001	200.00-		261.82	15 788.69-
5 10	MGT FEES 3RD Q 84		637	101001			150.00	
5 10	MGT FEES 2ND Q 84		637	101001			150.00	16 088.69-
	TRANSACT. & BALANCE	28056-			17 461.30-	124 820.75	140 909.44	16 088.69-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4064 HAKIM ALBERT
LEDGER

FROM 01 01 84 TO 31 12 84

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
						H 02889	
600300	****** CSF INVOICES		FS				
1 1	BROUGHT FORWARD					17 261 30	17 261 30-
23 2	PMT F 7338	1438	101000	7 927 12+	17 261.30		0 00
	TRANSACT. & BALANCE			7 927.12+	17 261.30	17 261.30	0 00
600601	****** CSF DIVERS ACCOUNT		US$				
1 1	BROUGHT FORWARD				2 383.42		2 383 42
19 9	PMT INV NO 7136/6364 CONTEC	3586	101001			1 486.57	896.85
	TRANSACT. & BALANCE				2 383.42	1 486.57	896.85
600801	****** CSF LTD BERMUDA DEPOSIT A/C		US$				
	TRANSACT. & BALANCE				0.00	0.00	0.00

F INVESTMENTS LTD.
HAMILTON, BERMUDA

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4064 HAKIM ALBERT — 85 01 13 PAGE 6

LEDGER — FROM 01 01 84 TO 31 12 84

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** CHARGES			US$		1 028 00	
72000	****** INTEREST PAID			FS			
	TRANSACT. & BALANCE				0.00	0.00	0.00
72001	****** INTEREST PAID			US$			
30 6	15 5000 PN 8215 2/4/83	8					
	PN 8215 INT FR 2/8/82 15.5	51872+	2887 5111215		51 871.92		51 871.92
	TRANSACT. & BALANCE	51872+			51 871.92	0.00	51 871.92
73701	****** BANK CHARGES			US$			
1 3	BANK CHARGES		1564 5600001		10.00		10.00
	TRANSACT. & BALANCE				10.00	0.00	10.00

[illegible] INVESTMENTS LTD.
HAMILTON, BERMUDA

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4064 HAKIM ALBERT
LEDGER FROM 01 01 84 TO 31 12 84 85 01 13 PAGE 7

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** INCOME		US$		L 02891	
72201	****** INTEREST EARNED ON DEPOSITS		US$			
24 4	INTEREST	209	5600001		720.45	720.45-
	TRANSACT. & BALANCE			0.00	720.45	720.45-

4064 HAKIM ALBERT
LEDGER

FROM 01 01 84 TO 31 12 84

85 01 13 PAGE 8

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	[redacted] TRANSIT ACCOUNTS			US$			02892
00100	[redacted] TRANSIT ACCOUNT			FS			
	TRANSACT. & BALANCE				0.00	0.00	0.00
00101	[redacted] TRANSIT ACCOUNT			US$			
	TRANSACT & BALANCE				0.00	0.00	0.00
	GRAND TOTALS				[redacted] 790 412.21	[redacted] 790 412.21	0.00

SF INVESTMENTS LTD.
HAMILTON, BERMUDA

HAKIM ALBERT
LEDGER FROM 01 10 83 TO 31 12 83

84 01 24 PAGE 1
H 02895

	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNT		(SUITE)			
	****** CAPITAL		US$			
000	****** CAPITAL INVESTED		FS			
10	BROUGHT FORWARD	23000+		23 000.00		23 000.00
10	F.7338		5600300	17 261.30		40 261.30
12	TR FR US A/C		5600000		24 483.61	15 777.69
	TRANSACT. & BALANCE	23000+		40 261.30	24 483.61	15 777.69
001	****** CAPITAL INVESTED		US$			
10	BROUGHT FORWARD	493323+		423 023.60		423 023.60
10	MGT FEES 3RD Q 83	4003	5600001	150.00		423 173.60
12	TR TO SFR A/C		5600001	11 243.91		434 417.51
	TRANSACT. & BALANCE	493323+		434 417.51	0.00	434 417.51

C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
	****** LOANS & INV. PAYABLE		US$			
	****** LOANS & INVEST. PAYABLE WITH CSF		US$			
100	****** LOANS PAYABLE		FS			
10	BROUGHT FORWARD	23000-			23 000.00	23 000.00-
12	PN 8303 INT 7.5% INT CAP					
	PN 8303 INT FR 11/1/83		672000		1 483.61	
12	PN 8303 INT 7.5% INT CAP					
	PN 8303 INT PMT + RBT	23000+	5600000	24 483.61		0.00
	TRANSACT. & BALANCE			24 483.61	24 483.61	0.00
101	****** LOANS PAYABLE		US$			
10	BROUGHT FORWARD	493323-			493 325.58	493 325.58-
12	PN 8211 INT 18% 1/6/82 - 1/6/83					
	PN 8211 INT FR 1/6		672001		1 793.97	
12	PN 8211 INT 18% 1/6/82 - 1/6/83					
	PN 8211 INT PMT + RBT	17962+	5600001	19 756.47		
12	PN 8225 INT 13% INT CAP. MTH					
	PN 8225 INTFR 1/12/82		672001		690.58	
12	PN 8225 INT 13% INT CAP. MTH					
	PN 8225 INT PMT + RBT	4716+	5600001	5 406.58		
12	PN 8226 INT 13% INT CAP. MTH					
	PN 8226 INT FR 1/12/82		672001		422.89	
12	PN 8226 INT 13% INT CAP. MTH					
	PN 8226 INT PMT + RBT	2888+	5600001	3 311.81		
12	PN 8227 INT 13% INT CAP. MTH					

N 02894

4064 HAKIM ALBERT 84 01 24 PAGE

LEDGER FROM 01 10 83 TO 31 12 83

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
05101	LOANS PAYABLE		(SUITE)			
	PN 8227 INT FR 1/12/82		672001		364.49	
31 12	PN 8227 INT 13% INT CAP. MTH					
	PN 8227 INT PMT + RBT	2490+	5600001	2 854.49		465 [illegible]
	TRANSACT. & BALANCE	465267-		31 329.35	496 597.31	465 [illegible]
2	****** FIXED TIME DEP. THROUGH CSF		US$			
4	****** CASH IN HAND		US$			
600000	****** CSF CURRENT ACCOUNT		FS			
31 12	PN 8303 INT 7.5% INT CAP					
	PN 8303 INT PMT + RBT	23000-	5131303		24 483.61	
31 12	TR.FR US A/C		101000	24 483.61		0
	TRANSACT. & BALANCE	23000-		24 483.61	24 483.61	0
600001	****** CSF CURRENT ACCOUNT		US$			
1 10	BROUGHT FORWARD				2 081.44	2 081
3 10	INT 9.5% "CSF BERMUDA"		32 772201	2 992.50		911
5 10	MGT FEES 3RD Q 83		4003 101001		150.00	761
31 12	PN 8211 INT 18% 1/6/82 - 1/6/83					
	PN 8211 INT PMT + RBT	17962-	5131211		19 756.47	
31 12	PN 8225 INT 13% INT CAP. MTH					
	PN 8225 INT PMT + RBT	4716-	5131225		5 406.58	
31 12	PN 8226 INT 13% INT CAP. MTH					
	PN 8226 INT PMT + RBT	2888-	5131226		3 311.81	
31 12	PN 8227 INT 13% INT CAP. MTH					
	PN 8227 INT PMT + RBT	2490-	5131227		2 854.49	
31 12	INT 9.5%		772201	6 412.50		

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NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
00001CSF CURRENT ACCOUNT	(SUITE)			
12 RBT	5600801	70 000.00		
12 TR TO SFR A/C	101001		11 243.91	34 600.30
TRANSACT. & BALANCE 28056-		79 405.00	44 804.70	34 600.30
00300 ****** CSF INVOICES	FS			
10 F.7338	101000		17 261.30	17 261.30-
TRANSACT. & BALANCE		0.00	17 261.30	17 261.30-
00601 ****** CSF DIVERS ACCOUNT	US$			
10 BROUGHT FORWARD		2 383.42		2 383.42
TRANSACT. & BALANCE		2 383.42	0.00	2 383.42
00601 ****** CSF LTD BERMUDA DEPOSIT A/C	US$			
10 BROUGHT FORWARD		70 000.00		70 000.00
12 RBT	5600001		70 000.00	0.00
TRANSACT. & BALANCE		70 000.00	70 000.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
			II 02697		
6	****** CHARGES	US$			
672000	****** INTEREST PAID	FS			
31 12	PN 8303 INT 7.5% INT CAP				
	PN 8303 INT FR 11/1/83	5111303	1 483.61		1 483.61
	TRANSACT. & BALANCE		1 483.61	0.00	1 483.61
672001	****** INTEREST PAID	US$			
31 12	PN 8211 INT 18% 1/6/82 - 1/6/83				
	PN 8211 INT FR 1/6	5111211	1 793.97		
31 12	PN 8225 INT 13% INT CAP. MTH				
	PN 8225 INTFR 1/12/82	5111225	690.38		
31 12	PN 8226 INT 13% INT CAP. MTH				
	PN 8226 INT FR 1/12/82	5111226	422 89		
31 12	PN 8227 INT 13% INT CAP. MTH				
	PN 8227 INT FR 1/12/82	5111227	364 49		3 271
	TRANSACT. & BALANCE		3 271 73	0.00	3 271

HAKIM ALBERT
LEDGER FROM 01 10 83 TO 31 12 83

84 01 24 PAGE 6

NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
				II 02898	
****** INCOME		US$			
201 ****** INTEREST EARNED ON DEPOSITS		US$			
10 INT 9.5% "CSF BERMUDA"	32	5600001		2 992.50	2 992.50
12 INT 9.5%		5600001		6 412.50	9 405.00
TRANSACT. & BALANCE			0.00	9 405.00	9 405.00

4064 HAKIM ALBERT
LEDGER FROM 01 10 83 TO 31 12 83 84 01 24 PAGE /

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
900100	****** TRANSIT ACCOUNT		FS			
	TRANSACT. & BALANCE			0.00	0.00	0
900101	****** TRANSIT ACCOUNT		US$			
	TRANSACT. & BALANCE			0.00	0.00	0
	GRAND TOTALS			711 519.14	711 519.14	0

M/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
7	TRANSIT ACCOUNT		(SUITE)			
1	****** CAPITAL		US$			02900
101000	****** CAPITAL INVESTED		FS			
1 7	PN 8303 INT 7.5% INT CAP					
	BALANCE B/F	23000+	5131303	23 000.00		23 000.00
	TRANSACT. & BALANCE	23000+		23 000.00	0.00	23 000.00
101001	****** CAPITAL INVESTED		US$			
1 7	PN 8211 INT 18% 1/6/82 - 1/6/83					
	BALANCE B/F	17962+	5131211	17 692.50		
1 7	PN 8215 INT 15.5% 2/8/82 - 2/4/83					
	BALANCE B/F	175000+	5131215	175 000.00		
1 7	PN 8218 INT 13.5% INDEFINI TERM					
	BALANCE B/F	290267+	5131218	290 267.96		
1 7	PN 8225 INT 13% INT CAP. MTH					
	BALANCE B/F	4716+	5131225	4 716.20		
1 7	PN 8226 INT 13% INT CAP. MTH					
	BALANCE B/F	2888+	5131226	2 888.92		
1 7	PN 8227 INT 13% INT CAP. MTH					
	BALANCE B/F	2490+	5131227	2 490.00		
1 7	BALANCE B/F		5600001	1 931.44		
1 7	BALANCE B/F		5600601		2 383.42	
1 7	BALANCE B/F		5600801		70 000.00	
1 7	PN 8211 INT 18% 1/6/82 - 1/6/83					
	BALANCE B/F		5131211	270.00		422 873.60
5 7	MGT FEES 2ND Q 83	3002	5600001	150.00		423 023.60
	TRANSACT. & BALANCE	493323+		495 407.02	72 383.42	423 023.60

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

ii 02901

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES		US$			
50	****** LOANS & INV. PAYABLE		US$			
505	****** LOANS & INVEST. PAYABLE WITH CSF		US$			
505100	****** LOANS PAYABLE		FS			
1 7	PN 8303 INT 7.5% INT CAP					
	BALANCE B/F	23000-	101000		23 000.00	23 000.00
	TRANSACT. & BALANCE	23000-		0.00	23 000.00	23 000.00
505101	****** LOANS PAYABLE		US$			
1 7	PN 8211 INT 18% 1/6/82 - 1/6/83					
	BALANCE B/F	17962-	101001		17 692.50	
1 7	PN 8215 INT 15.5% 2/8/82 - 2/4/83					
	BALANCE B/F	175000-	101001		175 000.00	
1 7	PN 8218 INT 13.5% INDEFINI TERM					
	BALANCE B/F	290267-	101001		290 267.96	
1 7	PN 8225 INT 13% INT CAP. MTH					
	BALANCE B/F	4716-	101001		4 716.70	
1 7	PN 8226 INT 13% INT CAP. MTH					
	BALANCE B/F	2888-	101001		2 888.92	
1 7	PN 8227 INT 13% INT CAP. MTH					
	BALANCE B/F	2490-	101001		2 490.00	
1 7	PN 8211 INT 18% 1/6/82 - 1/6/83					
	BALANCE B/F		101001		270.00	493 325.58-
	TRANSACT. & BALANCE	493323-		0.00	493 325.58	493 325.58

II 02902

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
52	****** FIXED TIME DEP. THROUGH CSF		US$			
5	****** CASH IN HAND		US$			
5600001	****** CSF CURRENT ACCOUNT		US$			
1 7	BALANCE B/F		101001			1 931.44-
5 7	MGT FEES 2ND Q 83		3002 101001		150.00	2 081.44-
	TRANSACT. & BALANCE			0.00	2 081.44	2 081.44-
5600601	****** CSF DIVERS ACCOUNT		US$			
1 7	BALANCE B/F		101001	2 383.42		2 383.42
	TRANSACT. & BALANCE			2 383.42	0.00	2 383.42
5600801	****** CSF LTD BERMUDA DEPOSIT A/C		US$			
1 7	BALANCE B/F		101001	70 000.00		70 000.00
	TRANSACT. & BALANCE			70 000.00	0.00	70 000.00

H 02903

4064 HAKIM ALBERT 83 10 17 PAGE 5
LEDGER FROM 01 07 83 TO 30 09 83

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$			02904

560

4064 HAKIM ALBERT
LEDGER

FROM 01 07 83 TO 30 09 83

83 10 17 PAGE 6

n/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
/	CHARGES	(SUITE)			
/	****** INCOME	US$			

H 02905

561

4064 HAKIM ALBERT — 83 10 17 PAGE 7

LEDGER FROM 01 07 83 TO 30 09 83

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	INCOME		(SUITE)			
9	****** TRANSIT ACCOUNTS		US$			
900100	****** TRANSIT ACCOUNT		FS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
900101	****** TRANSIT ACCOUNT		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
	GRAND TOTALS			590 790.44	590 790.44	0.00

02906

562

FROM 01 04 83 TO 30 06 83 83 07 12 PAGE

					DEBIT	CREDIT	
1	****** CAPITAL		USA				
						N 02907	
	***** CAPITAL INVESTED		SER				
	BROUGHT FORWARD	18000+			18 000 00		18 0
	5% INT CAP						
	CAP 753 EXPORTRADE	5000+	2212 5131303		5 000 00		23 0
	TRANSACT % BALANCE	23000+			23 000 00	0.00	23 0
101001	****** CAPITAL INVESTED		USA				
1	BROUGHT FORWARD	322436+		28 051 734	390 659 49		
1	QTR P/L NET BALANCE					4 118 38	386
5	INT EFF 1/1 QTR 1		2001 5600001		150 00		386
8	CAP 8218 12 5% INDEFINI TERME						
	TO LOS GATOS	30000+	2150 5131213		30 000 00		41
27	CAP 8218 13 5% INDEFINI TERME						
	NO TO CENTRO COMM	5617+	2262 5131217		5 617 61		422
2	TR TO STC		2734 5600001		20 000 00		442
2	TR TO STC		2734 5600001		10 00		442
3	INT E 6043 SNUDI OPORTUNA		2625 5600001		564 68		442
17	TR TO STC		2646 5600001			20 010 00	422
24	TR TO STC LOS GATOS		2909 5600001		15 000 00		
24	TR TO STC LOS GATOS		2909 5600001		10 00		437
	INT TR STC		2841 5600001			15 010 00	422
	TRANSACT % BALANCE	358101+		28 051 734	462 011 98	39 138 38	422

FROM 01 04 83 TO 30 06 83

DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
****** CAPITAL INVESTED	FWD.			
	0 DR # 02908			

FROM 01 04 83 TO 30 06 83

			DOC NO	CONTRA	DEBIT	CREDIT	
		****** ASSETS & LIABILITIES		US$			
		****** LOANS & INV PAYABLE		US$			
		****** L & I PAYABLE WITH CSF		US$			
505100		****** LOANS PAYABLE		SGD			
1	4	BROUGHT FORWARD	18000-			18 000.00	18 000
12	4	FD 8303 7.5% INT CAP CHQ 753 EXPORTRADE	5000-	2212 101000		5 000.00	23 000
		TRANSACT & BALANCE	23000-		0.00	23 000.00	23 00
505101		****** LOANS PAYABLE		US$			
1	4	BROUGHT FORWARD	457704-		444.73-	457 707.97	457 70
8	4	FD 3218 13.5% INDEFINI TERME TO TO LOC GOTOS	30000-	2150 101001		30 000.00	487 70
27	4	FD 8218 13.5% INDEFINI TERME CHQ TO LOCITC COMM	5617-	2262 101001		5 617.61	493 3
		TRANSACT & BALANCE	493321-		444.73-	493 325.58	493 7
52		****** LTD THROUGH CSF		US$			
521801		****** CREDIT FOUNDER INVESTED		US$			
		TRANSACT & BALANCE			0.00	0.00	

N 02909

...M. ALBERT
LEDGER FROM 01 04 83 TO 30 06 83

...E & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
****** CASH IN HAND		USA				
****** CSF CURRENT ACCOUNT		SFR			N 02970	
...NSACT & BALANCE				0 00	0 00	0 00
****** CSF CURRENT ACCOUNT		US$				
BROUGHT FORWARD	167535+		27 607 00-	8 783 24		
TR TO CSF BERMUDA		SCHWEIT			10 000 00	1 216 76
NGT FEE 1ST QTR 83		2001 101001			150 00	1 366 76-
TR TO STC		2734 101001			20 000 00	
TR TO STC		2734 101001			10 00	21 376 76-
...E F 4053 SAUDI ARABIAN		2825 101001			554 68	21 931 44-
...PT AVANCE STC		2846 101001		20 000 00		1 931 44-
TR TO STC LOS GATOS		2909 101001			15 000 00	
TR TO STC LOS GATOS		2909 101001			10 00	16 941 44-
...T TR STC		2841 101001		15 010 00		1 931 44
TRANSACT. & BALANCE	167535+		27 607.00-	43 803 24	45 734 68	1 931 44-
****** CSF CURRENT ACCOUNT		PDS				
...NSACT & BALANCE				0 00	0 00	0 00
****** CSF DIVERS ACCOUNT		US$				
...ROUGHT FORWARD				2 383 42		2 383.42
TRANSACT & BALANCE				2 383 42	0 00	2 383 42

4064 HAKIM, ALBERT
LEDGER

FROM 01 04 83 TO 30 06 83

83 07 12 PAGE

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600201	****** CSF LTD BERMUDA DEPOSIT A/C		US$			
				H 02911		
1 4	BROUGHT FORWARD			60 000 00		
1 4	TR TO CSF BERMUDA		5600001	10 000.00		70 [illegible]
	TRANSACT & BALANCE			70 000 00	0.00	70 [illegible]

TRAN & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
****** CHARGES	US$			
			H 02912	
****** INTEREST PAID	SFR			
TRANSACT & BALANCE		0 00	0 00	0 00
****** INTEREST PAID	US$			
TRANSACT. & BALANCE		0 00	0 00	0 00

4066 HAVIN. / DEBT
LEDGER

FROM 01 04 83 TO 30 06 83

83 07 12 PAGE

A/C	NAME / DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BAL
7	****** INCOME	US$			
				11 02913	
772201	****** INT EARNED ON FTD	US$			
	TRANSACT. & BALANCE		0.00	0.00	

4064 HAKIM, ALBERT
LEDGER FROM 01 04 83 TO 30 06 83 83 07 12 PAGE

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA			BALANCE
9	****** OPENING / CLOSING ENTRIES		US$			
900100	****** BALANCES CARRIED FORWARD		SFR			
	TRANSACT. & BALANCE			0.00	0.00	0.00
900101	****** BALANCES CARRIED FORWARD		US$			
1 4	BROUGHT FORWARD	39257-		0.00	0.00	0.00
	TRANSACT. & BALANCE	39257-		0.00	0.00	0.00
900102	****** BALANCES CARRIED FORWARD		PDS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
	GRAND TOTALS			601 198.64	601 198.64	0.00

02914

570

4064 HAKIM, ALBERT — 83 04 20 PAGE 1

LEDGER — FROM 01 01 83 TO 31 03 83

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
1		****** CAPITAL		US$				
101000		****** CAPITAL INVESTED		SFR				
1	1	BROUGHT FORWARD					1 019.75	1 019.75-
11	1	PN 8303 7.5% INT CAP. CHQ 111 EXPANTRADE	8000+	1055 5111303		8 000.00		6 980.25
1	2	CHQ 131 CASH EXPANTRADE		1199 5600000		5 000.00		11 980.25
16	2	PN 8303 7.5% INT CAP. CHQ 144 EXPANTRADE	10000+	1383 5111303		10 000.00		21 980.25
21	2	WIZ TRIP PARIS		1393 5600000		493.30		22 473.55
24	3	TR FROM US DLRS A/C		1697 5600000			4 473.55	18 000.00
		TRANSACT. & BALANCE	18000+			23 493.30	5 493.30	18 000.00
101001		****** CAPITAL INVESTED		US$				
1	1	BROUGHT FORWARD	322686+		28 051.73+	409 653.05		
1	1	4TH QTR P/L. NET BALANCE				11 346.63		
1	1	TR FROM STC		1183 5600001			45 000.00	375 999.68
2	1	MGT FEE 4TH Q 1982		1004 5600001		166.25		376 165.93
10	1	CHQ 1602 MCHOSE/TACTRONIX		1121 5600001		370.36		376 536.29
15	2	CHQ 1649 MCHOSE/TACTRONIX		1426 5600001		1 949.13		378 485.42
15	3	TR TO LOS GATOS		1753 5600001		10 000.00		388 485.42
24	3	TR TO SFR A/C		1697 5600001		2 174.27		390 659.69
		TRANSACT. & BALANCE	322686+		28 051.73+	435 659.69	45 000.00	390 659.69

II 02915

571

.064 HAKIM. ALBERT
LEDGER

FROM 01 01 83 TO 31 03 83

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
101002	****** CAPITAL INVESTED	PDS			
	TRANSACT. & BALANCE		0.00	0.00	0.00

H 02916

572

4064 HAKIM, ALBERT — 83 04 20 PAGE 3

LEDGER — FROM 01 01 83 TO 31 03 83

A/C.		NAME & DESCRIPTION		DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5		****** ASSETS & LIABILITIES			US$				
50		****** LOANS & INV.PAYABLE			US$				
505		****** L & I PAYABLE WITH CSF			US$				
505100		****** LOANS PAYABLE			SFR				
11	1	PN 8303 7.5% INT CAP. CHQ 111 EXPANTRADE	8000-	1055	101000			8 000.00	8 000.00-
16	2	PN 8303 7.5% INT CAP. CHQ 144 EXPANTRADE	10000-	1383	101000			10 000.00	18 000.00-
		TRANSACT. & BALANCE	18000-				0.00	18 000.00	18 000.00-
505101		****** LOANS PAYABLE			US$				
1	1	BROUGHT FORWARD	457704-			444.73-		457 707.97	457 707.97-
		TRANSACT. & BALANCE	457704-			444.73-	0.00	457 707.97	457 707.97-
52		****** FTD. THROUGH CSF			US$				
525801		****** CREDIT LYONNAIS BRUSSELS			US$				
1	1	BROUGHT FORWARD	66500+				66 500.00		66 500.00
31	3	12.2500 CREDIT LYONNAIS 31/3/83 8 REDEMPTION	66500-	1787	5600001			66 500.00	0.00
		TRANSACT. & BALANCE					66 500.00	66 500.00	0.00

II 02917

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
56	****** CASH IN HAND		US$				
5600000	****** CSF CURRENT ACCOUNT		SFR				
1 1	BROUGHT FORWARD				1 019.75		1 019.75
1 2	CHQ 131 CASH EXPANTRADE		1199 101000			5 000.00	3 980.25-
21 2	WIZ TRIP PARIS		1393 101000			493.30	4 473.55-
24 3	TR FROM US DLRS A/C		1697 101000		4 473.55		0.00
	TRANSACT. & BALANCE				5 493.30	5 493.30	0.00
5600001	****** CSF CURRENT ACCOUNT		US$				
1 1	BROUGHT FORWARD	101035+		27 607.00-		32 175.13	
1 1	TR FROM STC		1183 101001		45 000.00		12 824.87
2 1	MGT FEE 4TH Q 1982		1004 101001			166.25	12 658.62
10 1	CHQ 1602 MCHOSE/TACTRONIX		1121 101001			370.36	12 288.26
15 2	CHQ 1649 MCHOSE/TACTRONIX		1426 101001			1 949.13	10 339.13
15 3	TR TO LOS GATOS		1753 101001			10 000.00	339.13
24 3	TR TO SFR A/C		1697 101001			2 174.27	1 835.14-
28 3	TR TO CSF BERMUDA		1795 5600901			60 000.00	61 835.14-
31 3	12.2500 CREDIT LYONNAIS 31/3/83 8 REDEMPTION	66500+	1787 583090B		66 500.00		
31 3	FTD 090B INT		1787 772201		4 118.38		8 783.24
	TRANSACT. & BALANCE	167535+		27 607.00-	115 618.38	106 835.14	8 783.24
5600002	****** CSF CURRENT ACCOUNT		PDS				
	TRANSACT. & BALANCE				0.00	0.00	0.00

H 02918

574

4064 HAKIM, ALBERT
LEDGER FROM 01 01 83 TO 31 03 83 83 04 20 PAGE 5

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600601	****** CSF DIVERS ACCOUNT		US$			
1	1 BROUGHT FORWARD			2 383.42		2 383.42
	TRANSACT. & BALANCE			2 383.42	0.00	2 383.42
5600901	****** CSF LTD BERMUDA DEPOSIT A/C		US$			
28	3 TR TO CSF BERMUDA	1795	5600001	60 000.00		60 000.00
	TRANSACT. & BALANCE			60 000.00	0.00	60 000.00

02919

575

064	HAKIM, ALBERT LEDGER	FROM 01 01 83 TO 31 03 83			
A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
					H 02920	
0	****** CHARGES		US$			
672000	****** INTEREST PAID		SFR			
	TRANSACT. & BALANCE			0.00	0.00	0.00
672001	****** INTEREST PAID		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

4064	HAKIM, ALBERT LEDGER	FROM 01 01 83 TO 31 03 83			83 04 20 PAGE 7
A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME	US$		02921	
772201	****** INT.EARNED ON FTD	US$			
31 3	FTD 090B INT	1787 5600001		4 118.38	4 118.38
	TRANSACT. & BALANCE		0.00	4 118.38	4 118.38

4064 HAKIM, ALBERT
LEDGER FROM 01 01 83 TO 31 03 83 83 04 20 PAGE 0

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** OPENING / CLOSING ENTRIES		US$			
900100	****** BALANCES CARRIED FORWARD		SFR			
	TRANSACT. & BALANCE			0.00	0.00	0.00
900101	****** BALANCES CARRIED FORWARD		US$			
1 1	BROUGHT FORWARD	39257-		0.00		0.00
	TRANSACT. & BALANCE	39257-		0.00	0.00	0.00
900102	****** BALANCES CARRIED FORWARD		PDS			
	TRANSACT. & BALANCE			0.00	0.00	0.00
	GRAND TOTALS			709 148.09	709 148.09	0.00

02922

578

LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1	****** CAPITAL			US$		H 02923	
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1 1	BROUGHT FORWARD					200 000 00	200 000 00-
2 1	TRANSFER		101001		200 000 00		0 00
	TRANSACT & BALANCE				200 000 00	200 000 00	0 00
101001	****** CAPITAL INVESTED			US$			
1 1	BROUGHT FORWARD			5 739 84-	2 339 13		
1 1	1986 P/L NET BALANCE			56 900 00-		14 329 84	11 990 71
2 1	TRANSFER		100001			200 000 00	211 990 71
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		520 87		211 469 84-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		132.50		211 337.34-
	TRANSACT & BALANCE			62 639.84-	2 992 50	214 329 84	211 337 34
101012	****** CAPITAL INVESTED			MFK			
1 1	BROUGHT FORWARD			1 061.65-		5 035.72	
1 1	1986 P/L NET BALANCE				5 035.72		0.00
	TRANSACT & BALANCE			1 061.65-	5 035 72	5 035 72	0.00
101017	****** CAPITAL INVESTED			HK$			
1 1	BROUGHT FORWARD			1 486.31+	1 436 73		
1 1	1986 P/L NET BALANCE					1 436 73	0 00
	TRANSACT & BALANCE			1 486 31+	1 436 73	1 436 73	0 00

4227 B BUTTON
LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 2

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
						H 02924	
101020	****** CAPITAL INVESTED		$AU				
1 1	BROUGHT FORWARD			273 98-		819 20	
1 1	1986 P/L NET BALANCE				819 20		0 00
	TRANSACT & BALANCE			273 98-	819 20	819 20	0 00

H 02925

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES			US$			
517401	****** PRIVATE INVESTMENTS RECEIVABLE			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
526101	****** FID DEPOSIT - R N B			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
526601	****** FID DEPOSIT - CREDIT SUISSE			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00
550801	****** SECURITIES - CAN IMP BK OF COMMER			US$			
1 1	BROUGHT FORWARD	211000+			211 000 00		211 000 00
8 1	SALE	211000-	8475 5600001			211 000 00	
8 1	INTEREST TO 30 03 87 AT 0 437		8475 5600001			207 70	
8 1	REVERSAL		8475 5600001		207 70		0 00
	TRANSACT & BALANCE				211 207 70	211 207 70	0 00
551401	****** SECURITIES - BEAR STEARNS			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00

LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	210000+18001	5600001	210 000 00		210 000 00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	210000-18002	5600001		210 000 00	
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	213150+18003	5600001	213 150 00		213 150 00
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	214262+18005	5600001	214 262 98		
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	213150-18004	5600001		213 150 00	214 262 98
	TRANSACT & BALANCE	214262+		637 412 98	423 150 00	214 262 98
552201	****** SECURITIES - MORGAN STANLEY		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
552417	****** SECURITIES - REED STENHOUSE		HK$			
	TRANSACT. & BALANCE			0 00	0 00	0 00
552420	****** SECURITIES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00

02926

H 02927

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
552701	****** SECURITIES - STRAUSS TURNBULL	US$					
	TRANSACT & BALANCE				0 00	0 00	0 00
5600001	****** CASH ACCOUNT	US$					
1 1	BROUGHT FORWARD	185500-		62 639 84+	990 71		990 71
8 1	SALE	211000+ 8475	08JCD		211 000 00		
8 1	INTEREST FM 30 1286 TO 08 01	8475	08JCD		339 58		
8 1	INTEREST TO 30 03 87 AT 0 437	8475	08JCD		207 70		
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	210000-18001	18JCDTO			210 000 00	
8 1	REVERSAL	8475	08JCD			207 70	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475	08JCD		207 70		2 537 99
30 1	MGT FEES 4TH QAURTER 1986	5001	101001			520 87	2 017 12
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	210000+18002	18JCDTO		210 000 00		
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	210000+18002	18JCDTO		3 150 00		
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	213150-18003	18J128A			213 150 00	2 017 12
21 4	MGT FEES 1ST QUARTER 1987	6001	101001			132 50	1 884 62
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	214262-18005	18J189A			214 262 98	
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	213150+18004	18J128A		213 150 00		
8 5	CREDIT INTEREST	213150+18004	772201		1 110 15		1 881 79
	TRANSACT & BALANCE	234388+		62 639 84+	640 155 84	638 274 05	1 881 79

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600012	****** CASH ACCOUNT		MFK				
	TRANSACT & BALANCE				0.00	0.00	0.00
5600017	****** CASH ACCOUNT		HK$				
1 1	BROUGHT FORWARD	750+		1 486.31-	0.00		0.00
	TRANSACT. & BALANCE	750+		1 486.31-	0.00	0.00	0.00
5600020	****** CASH ACCOUNT		$AU				
	TRANSACT. & BALANCE				0.00	0.00	0.00

H 02928

4227 B BUTTON
LEDGER

FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$			
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
760801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
761401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762201	****** REAL GAINS/LOSSES - MORGAN STANLEY		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762417	****** REAL GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0.00	0.00	0.00
762420	****** REAL GAINS/LOSSES - REED STENHOUSE		$AU			
	TRANSACT. & BALANCE			0.00	0.00	0.00
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

I: 02930

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
71101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 1286 TO 08 01	8475	5600001		339 58	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475	5600001		207 70	547 28-
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	210000-18002	5600001		3 150 00	3 697 28-
	TRANSACT & BALANCE	210000-		0 00	3 697 28	3 697 28-
71201	****** DIVIDENDS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
71212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
72201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	213150-18004	5600001		1 110 15	1 110 15-
	TRANSACT & BALANCE	213150-		0 00	1 110 15	1 110 15-
72301	****** INCOME ON INVESTMENTS		US$			
	TRANSACT. & BALANCE			0 00	0 00	0 00

H 02931

4227 B. BUTTON
LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 10

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	GRAND TOTALS			1 699 060 67	1 699 060 67	0.00

H 02932

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4227 B. BUTTON — 87 01 28 PAGE 1
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
9	TRANSIT ACCOUNTS		(SUITE)			H 02933	
1	▪▪▪▪▪▪ CAPITAL		US$				
100001	▪▪▪▪▪▪ CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
20 5	NEW FUNDS	6192	5600001			200 000 00	200 000 00
	TRANSACT. & BALANCE				0.00	200 000.00	200 000.00
101001	▪▪▪▪▪▪ CAPITAL INVESTED		US$				
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		164 27		164 27
18 9	US$/HK$ AT 7.8035	7364	5600001		1 301.73		1 466 00
24 9	AU$/US$ AT 6375	7378	5600001	9 091.36+	5 795.74		7 261.74
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		502.29		7 764.03
25 11	MKF/US$ AT 20 455	22026	5600001	42 535.72+	8 700.68		16 464.71
23 12	MKF/US$ AT 4.909	8418	5600001	37 500 00-		7 639 03	
23 12	HK$/US$ AT 7.801	8418	5600001	11 594 76-		1 486 31	
23 12	AU$/US$ AT 1.4981	8418	5600001	8 272 16-		5 521.76	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		521 52		2 339 13
	TRANSACT. & BALANCE			5 739 84-	16 986 23	14 647.10	2 339 13
101012	▪▪▪▪▪▪ CAPITAL INVESTED		MFK				
25 11	MKF/US$ AT 20 455	22026	5600012	8 700 68-		42 535 72	42 535 72
23 12	MKF/US$ AT 4 909	8418	5600012	7 639 03+	37 500 00		5 035 72
	TRANSACT & BALANCE			1 061 65-	37 500 00	42 535.72	5 035 72

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
101017	****** CAPITAL INVESTED		HK$			H 02934	
18 9	US$/HK$ AT 7.8035	7364	5600017			10 158.03	10 158.03-
23 12	HKF/US$ AT 7.801	8418	5600017	1 486.31+	11 594.76		1 436.73
	TRANSACT. & BALANCE			1 486.31+	11 594.76	10 158.03	1 436.73
101020	****** CAPITAL INVESTED		$AU				
24 9	AU$/US$ AT .6375	7378	5600020	5 795.74-		9 091.36	9 091.36-
23 12	AU$/US$ AT 1.4981	8418	5600020	5 521.76+	8 272.16		819.20-
	TRANSACT. & BALANCE			273.98-	8 272.16	9 091.36	819.20-

4227 B. BUTTON
LEDGER — FROM 01 01 86 TO 31 12 86 — 87 01 28 PAGE 3

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5	###### ASSETS & LIABILITIES	US$				
517401	###### PRIVATE INVESTMENTS RECEIVABLE	US$				
5 9	7.0000 COSFIN BV INVESTMENT	50000+ 3519	5600001	50 000.00		50 000.00
11 12	7.0000 COSFIN BV REDEMPTION	50000- 4436	5600001		50 000.00	0.00
	TRANSACT. & BALANCE			50 000.00	50 000.00	0.00
526101	###### FID. DEPOSIT - R.N.B.	US$				
18 6	5.2500 RNB NEW YORK CALL ON CALL	80000+ 6446	5600001	80 000.00		80 000.00
1 7	5.2500 RNB NEW YORK CALL OFF CALL	80000- 7175	5600001		80 000.00	0.00
7 7	5.2500 RNB NEW YORK CALL ON CALL	80000+ 7175	5600001	80 000.00		80 000.00
18 8	6.0000 R.N.B. 02/09/86 FIDUCIARY DEPOSIT	80000+ 7356	5600001	80 000.00		160 000.00
21 8	5.2500 RNB NEW YORK CALL OFF CALL	80000- 7353	5600001		80 000.00	80 000.00
28 8	5.2500 RNB NEW YORK CALL ON CALL	80000+ 7353	5600001	80 000.00		160 000.00
29 8	5.2500 RNB NEW YORK CALL OFF CALL	80000- 7353	5600001		80 000.00	
29 8	5.3750 R.N.B. 03/09/86 FIDUCIARY DEPOSIT	80000+ 7358	5600001	80 000.00		160 000.00
2 9	6.0000 R.N.B. 02/09/86 REDEMPTION	80000- 7357	5600001		80 000.00	80 000.00
3 9	5.3750 R.N.B. 03/09/86 REDEMPTION	80000- 7369	5600001		80 000.00	0.00
5 9	6.3125 R.N.B. 20/10/86					

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LEDGER — FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
526101	FID. DEPOSIT - R.N.B. (SUITE)				
	FIDUCIARY DEPOSIT	20000+ 8018 5600001	20 000.00		20 000.00
12 9	5 2500 RNB NEW YORK CALL				
	ON CALL	10000+ 7438 5600001	10 000.00		30 000.00
20 10	6 3125 R.N.B. 20/10/86				
	REDEMPTION	20000- 8040 5600001		20 000.00	
20 10	R.N.B. 20.11.86				
	FIDUCIARY DEPOSIT	20000+ 8041 5600001	20 000.00		30 000.00
10 11	5 2500 RNB NEW YORK CALL				
	OFF CALL	10000- 8199 5600001		10 000.00	20 000.00
20 11	R.N.B. 20.11.86				
	REDEMPTION	20000- 8174 5600001		20 000.00	0.00
	TRANSACT. & BALANCE		450 000.00	450 000.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE US$				
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	200000+ 6290 5600001	200 000.00		200 000.00
16 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	200000- 6320 5600001		200 000.00	0.00
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	134000+ 6361 5600001	134 000.00		134 000.00
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000- 6383 5600001		100 000.00	34 000.00
24 7	6.1250 CALL CREDIT SUISSE				
	OFF CALL	34000- 7107 5600001		34 000.00	0.00
	TRANSACT. & BALANCE		334 000.00	334 000.00	0.00

02936

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
550801	****** SECURITIES - CAN. IMP. BK OF COMMER US$				
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	PURCHASE	34000+ 8005 5600001	33 787.50		33 787.50
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	SALE	34000- 8325 5600001		34 807.50	
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	GAIN	760801	1 020.00		0.00
30 12	6.4375 CIBC CERTIFICATES DEPOSI				
	PURCHASE	211000+ 8475 5600001	211 000.00		211 000.00
	TRANSACT. & BALANCE	211000+	245 807.50	34 807.50	211 000.00
551401	****** SECURITIES - BEAR STEARNS US$				
24 7	BATTLE MOUNTAIN GOLD CO.				
	PURCHASE	500+14080 5600001	6 000.00		6 000.00
9 9	BATTLE MOUNTAIN GOLD CO.				
	SALE	250-14083 5600001		4 650.00	
9 9	BATTLE MOUNTAIN GOLD CO.				
	GAIN	761401	1 650.00		3 000.00
24 9	BATTLE MOUNTAIN GOLD CO.				
	SALE	50-14092 5600001		968.75	
24 9	BATTLE MOUNTAIN GOLD CO.				
	GAIN	761401	368.75		2 400.00
25 9	BATTLE MOUNTAIN GOLD CO.				
	SALE	200-14088 5600001		3 875.00	
25 9	BATTLE MOUNTAIN GOLD CO.				
	GAIN	761401	1 475.00		0.00
12 11	CITIZENS FINANCIAL GROUP INC				
	PURCHASE	500+14100 5600001	18 919.01		18 919.01
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	500-14101 5600001		18 881.35	
17 12	CITIZENS FINANCIAL GROUP INC				
	LOSS	761401		37.66	0.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	# 02938	DEBIT	CREDIT	BALANCE
551401	SECURITIES - BEAR STEARNS		(SUITE)				
	TRANSACT & BALANCE				28 412 76	28 412 76	0.00
551801	###### SECURITIES - MERRILL LYNCH		US$				
	TRANSACT & BALANCE				0.00	0.00	0.00
552201	###### SECURITIES - MORGAN STANLEY		US$				
16 5	JOHNSON ELECTRIC ORD (HONG KONG)						
	PURCHASE	10000+22020	5600001		6 100.00		6 100.00
16 12	JOHNSON ELECTRIC ORD (HONG KONG)						
	SALE	10000-22051	5600001	56 900.00-		7 301.89	
16 12	JOHNSON ELECTRIC ORD (HONG KONG)						
	GAIN	762201		56 900.00+	1 201.89		0.00
	TRANSACT & BALANCE				7 301.89	7 301.89	0.00
552212	###### SECURITIES - MORGAN STANLEY		MFK				
25 11	POHJOLA (NEWS) B						
	PURCHASE	500+22026	5600012		42 535.72		42 535.72
22 12	POHJOLA (NEWS) B						
	SALE	500-22030	5600012			37 500.00	
22 12	POHJOLA (NEWS) B						
	LOSS	762212				5 035.72	0.00
	TRANSACT & BALANCE				42 535.72	42 535.72	0.00

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
552417	****** SECURITIES - REED STENHOUSE	HK$				
12 9	HONG KONG LAND					
	PURCHASE	1500+24002	5600017	10 158.03		10 158.03
16 10	DAIRY FARM					
	RCVD FREE 1 X 2 H.K. LAND	750+24004	#	1 158.03		
16 10	HONG KONG LAND					
	RCVD FREE 1 X 2 H.K. LAND	24004	#24DF		1 158.03	10 158.03
4 11	DAIRY FARM					
	SALE	750-24005	5600017		1 860.48	
4 11	DAIRY FARM					
	GAIN		762417	702.45		
4 11	HONG KONG LAND					
	PURCHASE	286+24006	5600017	1 856.92		10 856.92
17 12	HONG KONG LAND					
	SALE	1786-24008	5600017		11 591.20	
17 12	HONG KONG LAND					
	GAIN		762417	734.28		0.00
	TRANSACT. & BALANCE			14 609.71	14 609.71	0.00
552420	****** SECURITIES - REED STENHOUSE	$AU				
23 9	TECHNOMIN					
	PURCHASE	20000+24003	5600020	9 091.36		9 091.36
23 12	TECHNOMIN					
	SALE	20000-24009	5600020		8 272.16	
23 12	TECHNOMIN					
	LOSS		762420		819.20	0.00
	TRANSACT. & BALANCE			9 091.36	9 091.36	0.00

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
		H 02940			
552701	****** SECURITIES - STRAUSS TURNBULL US$				
16 6 12	8750 TEXACO CAPITAL INC				
	PURCHASE	25000+27056 5600001	25 750.00		
16 6 14	7500 UNION CARBIDE				
	PURCHASE	25000+27059 5600001	25 875.00		51 625.00
1 7	8.1250 B.O.C. GROUP PLC				
	PURCHASE	25000+27064 5600001	23 062.50		74 687.50
1 9 12	8750 TEXACO CAPITAL INC				
	AMORT. BDS PREM.	7443 #27JTEXA		375.00	74 312.50
15 12 14	7500 UNION CARBIDE				
	SALE	25000- 8356 5600001		25 750.00	
15 12 14	7500 UNION CARBIDE				
	LOSS	762701		125.00	48 437.50
19 12 12	8750 TEXACO CAPITAL INC				
	SALE	25000-27083 5600001		25 375.00	
19 12	8.1250 B.O.C. GROUP PLC				
	SALE	25000-27090 5600001		23 937.50	
19 12	8.1250 B.O.C. GROUP PLC				
	GAIN	762701	875.00		0.00
	TRANSACT. & BALANCE		75 562.50	75 562.50	0.00
5600001	****** CASH ACCOUNT US$				
16 5	JOHNSON ELECTRIC ORD (HONG KONG)				
	PURCHASE	10000-22020 22JOHN		6 100.00	6 100.00-
20 5	NEW FUNDS	6192 100001	200 000.00		193 900.00
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	200000- 6290 661000K		200 000.00	6 100.00-
16 6	6 1250 CALL CREDIT SUISSE				
	OFF CALL	200000+ 6320 661000K	200 000.00		
16 6 12	8750 TEXACO CAPITAL INC				
	PURCHASE	25000-27056 271TEXA		25 750.00	
16 6 12	8750 TEXACO CAPITAL INC				

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)					
	ACCRUED INT	25000-27056	27JTEXA		2 548.18	
16 6	14.7500 UNION CARBIDE PURCHASE	25000-27059	27JUNCA		25 875.00	
16 6	14.7500 UNION CARBIDE ACCRUED INT	25000-27059	27JUNCA		460.94	
16 6	CALL INT.	6384	772201	233.33		139 499.21
18 6	5.2500 RNB NEW YORK CALL ON CALL	80000- 6446	61JJ600		80 000.00	59 499.21
20 6	6.1250 CALL CREDIT SUISSE ON CALL	134000- 6361	66JOOOK		134 000.00	74 500.79-
24 6	6.1250 CALL CREDIT SUISSE OFF CALL	100000+ 6383	66JOOOK	100 000.00		
24 6	CALL INT.	6414	772201	67.00		
24 6	CALL INT.	6414	772201	22.33		25 588.54
1 7	8.1250 B.O.C. GROUP PLC PURCHASE	25000-27064	27JBOC		23 062.50	
1 7	8.1250 B.O.C. GROUP PLC ACCRUED INT.	25000-27064	27JBOC		265.19	
1 7	5.2500 RNB NEW YORK CALL OFF CALL	80000+ 7175	61JJ600	80 000.00		82 260.85
7 7	5.2500 RNB NEW YORK CALL ON CALL	80000- 7175	61JJ600		80 000.00	
7 7	MGT FEES 2ND QUARTER 1986	7001	101001		164.27	2 096.58
9 7	CALL INTEREST JUNE	7078	772201	185.20		2 281.78
16 7	CALL INTEREST	7084	772201	124.67		2 406.45
17 7	CALL INTEREST	7092	772201	5.31		2 411.76
22 7	CALL INTEREST	7118	772201	23.44		2 435.20
24 7	7.7500 PRUDENTIAL FUNDING CO. PURCHASE	34000- 8005	08JPRU		33 787.50	
24 7	7.7500 PRUDENTIAL FUNDING CO. ACCRUED INTEREST	34000- 8005	08JPRU		14.63	
24 7	6.1250 CALL CREDIT SUISSE OFF CALL	34000+ 7107	66JOOOK	34 000.00		
24 7	CALL INTEREST	7132	772201	10.62		
24 7	BATTLE MOUNTAIN GOLD CO PURCHASE	500-14080	14BMGC		6 000.00	3 356.31

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT	(SUITE)	# 02942			
31 7	CALL INTEREST	7206 772201		328 77		3 027.54-
18 8	6 0000 R N.B 02/09/86					
	FIDUCIARY DEPOSIT	80000- 7356 611245A			80 000 00	83 027 54-
21 8	5 2500 RNB NEW YORK CALL					
	OFF CALL	80000+ 7353 611J600		80 000.00		3 027.54-
28 8	5 2500 RNB NEW YORK CALL					
	ON CALL	80000- 7353 611J600			80 000 00	83 027.54-
29 8	5 2500 RNB NEW YORK CALL					
	OFF CALL	80000+ 7353 611J600		80 000 00		
29 8	5.3750 R.N.B. 03/09/86					
	FIDUCIARY DEPOSIT	80000- 7358 611246A			80 000.00	83 027.54-
1 9	12 8750 TEXACO CAPITAL INC					
	CREDIT INTEREST	25000+ 7443 271TEXA		3 218 75		79 808.79-
2 9	6 0000 R.N.B. 02/09/86					
	REDEMPTION	80000+ 7357 611245A		80 000.00		
2 9	INTEREST	7357 772201		197.26		388.47
3 9	5.3750 R.N.B. 03/09/86					
	REDEMPTION	80000+ 7369 611246A		80 000.00		
3 9	INTEREST	7369 772201		58.90		80 447.37
5 9	7.0000 COSFIN BV					
	INVESTMENT	50000- 3519 741COS5			50 000.00	
5 9	6.3125 R.N.B. 20/10/86					
	FIDUCIARY DEPOSIT	20000- 8018 611293A			20 000.00	10 447.37
8 9	CALL INT.	7371 772201		252.05		10 699.42
9 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	250+14083 14BMGC		4 650.00		15 349.42
12 9	5 2500 RNB NEW YORK CALL					
	ON CALL	10000- 7438 611J600			10 000.00	5 349.42
18 9	US$/HK$ AT 7.8035	7364 101001			1 301.73	4 047.69
19 9	BATTLE MOUNTAIN GOLD CO.					
	DIVIDEND	500+ 7435 14BMGC		8.75		4 056.44
24 9	AU$/US$ AT .6375	7378 101001	9 091.38-		5 795.74	
24 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	50+14092 14BMGC		968.75		770.55-
25 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	20( )4088 14BMGC		) 3 875.00		3 104.45

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	# 02943	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT			(SUITE)			
7 10	CALL INTEREST	8029	772201		25.89		3 130.34
15 10	MGT FEES 3RD QUARTER 1986	8001	101001			502.29	2 628.05
20 10	6.3125 R.N.B. 20/10/86						
	REDEMPTION	20000+ 8040	61J293A		20 000.00		
20 10	INTEREST	8040	772201		155.65		
20 10	R.N.B. 20.11.86						
	FIDUCIARY DEPOSIT	20000- 8041	61J324B			20 000.00	2 783.70
3 11	CALL INTEREST	8193	772201		44.59		2 828.29
7 11	INTEREST COSS 5/9-31/10/86	4203	772301		536.99		3 365.28
10 11	5.2500 RNB NEW YORK CALL						
	OFF CALL	10000+ 8199	61J1600		10 000.00		13 365.28
12 11	CITIZENS FINANCIAL GROUP INC						
	PURCHASE	500-14100	14CITN			18 919.01	5 553.73-
20 11	R.N.B. 20.11.86						
	REDEMPTION	20000+ 8174	61J324B		20 000.00		
20 11	INTEREST	8174	772201		97.67		14 543.94
25 11	MKF/US$ AT 20.455	22026	101001	42 535.72-		8 700.68	5 843.26
11 12	7.0000 COSFIN BV						
	REDEMPTION	50000+ 4436	74JCOSS		50 000.00		
11 12	JCOSS INT FROM 1/11/86	4436	772301		393.15		56 236.41
15 12	14.7500 UNION CARBIDE						
	SALE	25000+ 8356	27JUNCA		25 750.00		
15 12	14.7500 UNION CARBIDE						
	CREDIT INTEREST	25000+ 8356	27JUNCA		2 335.42		84 321.83
16 12	JOHNSON ELECTRIC ORD. (HONG KONG)						
	SALE	10000+22051	22JOHN	56 900.00+	7 301.89		91 623.72
17 12	7.7500 PRUDENTIAL FUNDING CO.						
	SALE	34000+ 8325	08JPRU		34 807.50		
17 12	7.7500 PRUDENTIAL FUNDING CO.						
	CREDIT INTEREST	34000+ 8325	08JPRU		1 061.32		
17 12	CITIZENS FINANCIAL GROUP INC						
	SALE	500+14101	14CITN		18 881.35		146 373.89
19 12	12.8750 TEXACO CAPITAL INC						
	SALE	25000+27083	27JTEXA		25 375.00		
19 12	12.8750 TEXACO CAPITAL INC						
	CREDIT INTEREST	25000+27083	27JTEXA		965.63		

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT (SUITE)					
19 12	8 1250 B.O.C GROUP PLC					
	SALE	25000+27090 27JBOC		23 937.50		
19 12	8 1250 B.O.C GROUP PLC					
	CREDIT INTEREST	25000+27090 27JBOC		1 213.11		197 865.13
23 12	MKF/US$ AT 4.909	8418 101001	37 500.00+	7 639.03		
23 12	MKF/US$ AT 7.801	8418 101001	11 594.76+	1 486.31		
23 12	AU$/US$ AT 1.4981	8418 101001	8 272.16+	5 521.76		
23 12	MGT FEES 4TH QUARTER 86	8428 101001			521.52	211 990.71
30 12	6.4375 CIBC CERTIFICATES DEPOSI					
	PURCHASE	211000- 8475 08JCD			211 000.00	990.71
	TRANSACT. & BALANCE	185500-	62 639.84+	1 205 759.89	1 204 769.18	990.71
600012	****** CASH ACCOUNT MFK					
25 11	MKF/US$ AT 20.455	22026 101012	8 700.68+	42 535.72		
25 11	POHJOLA (NEWS) B					
	PURCHASE	500-22026 22POHJ			42 535.72	0.00
22 12	POHJOLA (NEWS) B					
	SALE	500+22030 22POHJ		37 500.00		37 500.00
23 12	MKF/US$ AT 4.909	8418 101012	7 639.03-		37 500.00	0.00
	TRANSACT. & BALANCE		1 061.65+	80 035.72	80 035.72	0.00
600017	****** CASH ACCOUNT HK$					
12 9	HONG KONG LAND					
	PURCHASE	1500-24002 24HKL			10 158.03	10 158.03-
18 9	US$/HK$ AT 7.8035	7364 101017		10 158.03		0.00
4 11	DAIRY FARM					
	SALE	750+24005 24DF		1 860.48		
4 11	HONG KONG LAND					
	PURCHASE	286-24006 24HKL			1 856.92	3.56
17 12	HONG KONG LAND					

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A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5600017	CASH ACCOUNT	(SUITE)				
	SALE	1786+24008 24HKL		11 591.20		11 594.76
23 12	HKF/US$ AT 7.801	8418 101017	1 486.31-		11 594.76	0.00
	TRANSACT. & BALANCE	750+	1 486.31-	23 609.71	23 609.71	0.00
5600020	****** CASH ACCOUNT	$AU				
23 9	TECHNOMIN					
	PURCHASE	20000-24003 24TECH			9 091.36	9 091.36-
24 9	AU$/US$ AT .6375	7378 101020	5 795.74+	9 091.36		0.00
23 12	TECHNOMIN					
	SALE	20000+24009 24TECH		8 272.16		
23 12	AU$/US$ AT 1.4981	8418 101020	5 521.76-		8 272.16	0.00
	TRANSACT. & BALANCE		273.98+	17 363.52	17 363.52	0.00

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

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LEDGER

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A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES		US$			
73701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
7	▮▮▮▮▮▮ INCOME		US$				
760801	▮▮▮▮▮▮ REAL. GAINS/LOSSES - CIBC		US$				
17 12	7.7500 PRUDENTIAL FUNDING CO.						
	GAIN		08JPRU			1 020.00	1 020.00-
	TRANSACT. & BALANCE				0.00	1 020.00	1 020.00-
761401	▮▮▮▮▮▮ REAL. GAINS/LOSSES - BEAR STEARNS		US$				
9 9	BATTLE MOUNTAIN GOLD CO.						
	GAIN		14BMGC			1 650.00	1 650.00-
24 9	BATTLE MOUNTAIN GOLD CO.						
	GAIN		14BMGC			368.75	2 018.75-
25 9	BATTLE MOUNTAIN GOLD CO.						
	GAIN		14BMGC			1 475.00	3 493.75-
17 12	CITIZENS FINANCIAL GROUP INC						
	LOSS		14CITN		37.66		3 456.09-
	TRANSACT. & BALANCE				37.66	3 493.75	3 456.09-
762201	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY		US$				
16 12	JOHNSON ELECTRIC ORD. (HONG KONG)						
	GAIN		22JOHN	56 900.00-		1 201.89	1 201.89-
	TRANSACT. & BALANCE			56 900.00-	0.00	1 201.89	1 201.89-

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
62212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK				
2 12	POHJOLA (NEWS) B				
	LOSS	22POHJ	5 035.72		5 035.72
	TRANSACT & BALANCE		5 035.72	0.00	5 035.72
62417	****** REAL. GAINS/LOSSES - REED STENHOUSE HK$				
4 11	DAIRY FARM				
	GAIN	24DF		702.45	702.45-
17 12	HONG KONG LAND				
	GAIN	24HKL		734.28	1 436.73-
	TRANSACT. & BALANCE		0.00	1 436.73	1 436.73-
62420	****** REAL. GAINS/LOSSES - REED STENHOUSE $AU				
23 12	TECHNOMIN				
	LOSS	24TECH	819.20		819.20
	TRANSACT. & BALANCE		819.20	0.00	819.20
62701	****** REAL. GAINS/LOSSES - STRAUSS TURNBU US$				
15 12	14.7500 UNION CARBIDE				
	LOSS	27JUNCA	125.00		125.00
19 12	8.1250 B.O.C. GROUP PLC				
	GAIN	27JBOC		875.00	750.00-
	TRANSACT. & BALANCE		125.00	875.00	750.00-

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A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
771101	****** INTEREST EARNED ON BONDS	US$				
16 6	12.8750 TEXACO CAPITAL INC					
	ACCRUED INT	25000+27056	5600001	2 548.18		
16 6	14.7500 UNION CARBIDE					
	ACCRUED INT	25000+27059	5600001	460.94		3 009.12
1 7	8.1250 B.O.C. GROUP PLC					
	ACCRUED INT.	25000+27064	5600001	265.19		3 274.31
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	ACCRUED INTEREST	34000+ 8005	5600001	14.63		3 288.94
1 9	12.8750 TEXACO CAPITAL INC					
	AMORT. BDS PREM.	7443	8	375.00		
1 9	12.8750 TEXACO CAPITAL INC					
	CREDIT INTEREST	25000- 7443	5600001		3 218.75	445.19
15 12	14.7500 UNION CARBIDE					
	CREDIT INTEREST	25000- 8356	5600001		2 335.42	1 890.23-
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	CREDIT INTEREST	34000- 8325	5600001		1 061.32	2 951.55-
19 12	12.8750 TEXACO CAPITAL INC					
	CREDIT INTEREST	25000-27083	5600001		965.63	
19 12	8.1250 B.O.C. GROUP PLC					
	CREDIT INTEREST	25000-27090	5600001		1 213.11	5 130.29-
	TRANSACT. & BALANCE	25000-		3 663.94	8 794.23	5 130.29-
771201	****** DIVIDENDS	US$				
19 9	BATTLE MOUNTAIN GOLD CO.					
	DIVIDEND	500- 7435	5600001		8.75	8.75-
	TRANSACT. & BALANCE	500-		0.00	8.75	8.75-

4227 B. BUTTON
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
71212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE		# 02950	0.00	0.00	0.00
72201	****** INTEREST EARNED ON FTD		US$			
16 6	CALL INT.	6384	5600001		233.33	233.33-
24 6	CALL INT.	6414	5600001		67.00	
24 6	CALL INT.	6414	5600001		22.33	322.66-
9 7	CALL INTEREST JUNE	7078	5600001		185.20	507.86-
16 7	CALL INTEREST	7084	5600001		124.67	632.53-
17 7	CALL INTEREST	7092	5600001		5.31	637.84-
22 7	CALL INTEREST	7118	5600001		23.44	661.28-
24 7	CALL INTEREST	7132	5600001		10.62	671.90-
31 7	CALL INTEREST	7206	5600001		328.77	1 000.67-
2 9	INTEREST	7357	5600001		197.26	1 197.93-
3 9	INTEREST	7369	5600001		58.90	1 256.83-
8 9	CALL INT.	7371	5600001		252.05	1 508.88-
7 10	CALL INTEREST	8029	5600001		25.89	1 534.77-
20 10	INTEREST	8040	5600001		155.65	1 690.42-
3 11	CALL INTEREST	8193	5600001		44.59	1 735.01-
20 11	INTEREST	8174	5600001		97.67	1 832.68-
	TRANSACT. & BALANCE			0.00	1 832.68	1 832.68-
72301	****** INCOME ON INVESTMENTS		US$			
7 11	INTEREST COSS 579-31710786	4203	5600001		536.99	536.99-
11 12	JCOSS INT FROM 1711786	4436	5600001		393.15	930.14-
	TRANSACT & BALANCE			0.00	930.14	930.14-

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FROM 01 01 86 TO 31 12 86

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A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	GRAND TOTALS			2 668 124.95	2 668 124.95	0.00

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LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	****** CAPITAL			US$			
	H 02952						
00001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1 1	BROUGHT FORWARD			46 473 65+		59 123 78	59 123 78-
2 1	TRANSFER		101001		59 123 78		0 00
	TRANSACT & BALANCE			46 473 65+	59 123 78	59 123 78	0 00
101001	****** CAPITAL INVESTED			US$			
1 1	BROUGHT FORWARD	1-		163 089 01-		104 030 58	
1 1	1986 P/L NET BALANCE					26 982 89	131 013 47-
2 1	TRANSFER		100001			59 123 78	190 137 25-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		648 33		189 488 92-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		118 79		189 370 13-
	TRANSACT & BALANCE	1-		163 089 01-	767 12	190 137 25	189 370 13-
101017	****** CAPITAL INVESTED			HK$			
1 1	BROUGHT FORWARD			20 906 16+	27 648 51		
1 1	1986 P/L NET BALANCE					27 648 51	0 00
	TRANSACT & BALANCE			20 906 16+	27 648 51	27 648 51	0 00

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A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$	02953		
25801	****** FID. DEPOSIT - CREDIT LYONNAIS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
26101	****** FID DEPOSIT - RNB		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
26601	****** FID DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
50801	****** SECURITIES - CAN IMP BK OF COMMER		US$			
1 1	BROUGHT FORWARD 190000+			190 000.00		190 000.00
8 1	SALE 190000-	8475 5600001			190 000.00	
8 1	INTEREST TO 30 03 87 AT 0.437	8475 5600001			187.03	
8 1	REVERSAL	8475 5600001		187.03		0.00
	TRANSACT. & BALANCE			190 187.03	190 187.03	0.00
51401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
51801	****** SECURITIES - MERRILL LYNCH		US$				
8 1	6.0000 EURO CD TORONTO DOMINION PURCHASE	190000+18001	5600001		190 000 00		190 000 00
8 4	6.0000 EURO-CD TORONTO DOMINION REDEMPTION	190000-18002	5600001			190 000 00	
8 4	6.2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	192850+18003	5600001		192 850 00		192 850 00
8 5	6.8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	193854+18005	5600001		193 854 00		
8 5	6.2500 MERRILL LYNCH 8/5/87 REDEMPTION	192850-18004	5600001			192 850 00	193 854 00
	TRANSACT & BALANCE	193854+			576 704 00	382 850 00	193 854 00
52417	****** SECURITIES - REED STENHOUSE		HK$				
	TRANSACT & BALANCE				0 00	0.00	0 00
52701	****** SECURITIES - STRAUSS TURNBULL		US$				
	TRANSACT & BALANCE				0 00	0 00	0.00
600001	****** CASH ACCOUNT		US$				
1 1	BROUGHT FORWARD	114799-		116 615 36+	137 25		137 25
8 1	SALE	190000+	8475 08JCD		190 000 00		
8 1	INTEREST FM 30 1286 TO 08.01.		8475 08JCD		305.78		
8 1	INTEREST TO 30.03.87 AT 0.437		8475 08JCD		187.03		
8 1	6.0000 EURO-CD TORONTO DOMINION PURCHASE	190000-18001	18JCDTO			190 000.00	

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT		(SUITE)				
	REVERSAL	8475	083CD			187.03	
8 1							
	INTEREST TO 30 03 87 AT 0. 43	8475	083CD		187 03		630 06
30 1	MGT FEES 4TH QAURTER 1986	5001	101001			648.33	18 27-
8 4	6.0000 EURO-CD TORONTO DOMINION						
	REDEMPTION	190000+18002	183CDTO		190 000 00		
8 4	6.0000 EURO-CD TORONTO DOMINION						
	INTEREST	190000+18002	183CDTO		2 850 00		
8 4	6.2500 MERRILL LYNCH 8/5/87						
	FIDUCIARY DEPOSIT	192850-18003	183128A			192 850 00	18 27-
21 4	MGT FEES 1ST QUARTER 1987	6001	101001			118 79	137.06-
8 5	6.8750 MERRILL LYNCH 8/7/87						
	FIDUCIARY DEPOSIT	193854-18005	183189A			193 854 00	
8 5	6.2500 MERRILL LYNCH 8/5/87						
	REDEMPTION	192850+18004	183128A		192 850 00		
8 5	CREDIT INTEREST	192850+18004	772201		1 004 42		136 64-
	TRANSACT. & BALANCE	264197+		116 615.36+	577 521 51	577 658 15	136 64-
600017	****** CASH ACCOUNT			HK$			
1 1	BROUGHT FORWARD	10000+		20 906 16-	0 00		0 00
	TRANSACT. & BALANCE	10000+		20 906 16-	0 00	0 00	0 00

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES		US$	02956		
73701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
/	****** INCOME		US$	H 02957		
/61401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62417	****** REAL GAINS/LOSSES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62701	****** REAL GAINS/LOSSES - ST TURNBULL		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
/71101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 1286 TO 08 01.	8475 5600001			305.78	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475 5600001			187.03	492.81-
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	190000-18002 5600001			2 850.00	3 342.81-
	TRANSACT. & BALANCE.	190000-		0.00	3 342.81	3 342.81-
/71201	****** DIVIDENDS		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
772201	****** INTEREST EARNED ON FTD		US$			
8 86	5 CREDIT INTEREST	192850-18004	5600001		1 004 42	1 004 42-
	TRANSACT & BALANCE	192850-		0 00	1 004 42	1 004 42-
	GRAND TOTALS			1 431 951 95	1 431 951 95	0 00

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HAMILTON, BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNT			(SUITE)	H-02959		
	****** CAPITAL			US$			
0001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS			US$			
1	1 BROUGHT FORWARD			5 133.00+		64 378.13	64 373.13-
1	1 TRANSFER	101001			64 378.13		0.00
7	1 CHQ R. QUINTERO	5014	5600001		4 000.00		
7	1 REVERSAL	5014	5600001			4 003.35	2.35-
16	1 CHQ K. PHILLIPS	5043	5600001		4 000.00		
16	1 PMT HOTEL INTERCONT.	5048	5600001	952.45+	457.24		4 453.89
30	1 CHQ R. QUINTERO + BC	5097	5600001		4 003.49		
30	1 REVERSAL	5097	5600001			4 003.49	4 453.89
6	2 TRANSFER FROM LAKE RES.	5217	5600001			100 000.00	95 546.11-
16	2 CHQ K. PHILLIPS + BC	5380	5600001		2 003.71		93 542.40-
28	2 CASH WITHDRAWAL	5262	5600001		30 000.00		63 542.40-
14	3 PMT INV. INTERCONTINENTAL	5325	5600001	4 872.80+	2 551.20		60 991.20-
20	4 PMT INV. HOTEL INTERCONTINENTAL	6025	5600001	2 034.60+	1 036.74		59 954.46-
11	4 CHQ TO STTGI + CHARGES	2060	5600001		58 802.60		1 151.86-
22	4 NEW FUNDS	6085	5600001			16 000.00	17 151.86-
30	4 CHQ K. PHILLIPS + BC	6104	5600001		2 003.87		15 147.99-
20	5 NEW FUNDS	6189	5600001			8 833.00	23 980.99-
22	5 TR. FROM HYDE PARK	6210	5600001			100 000.00	123 980.99-
2	6 NEW FUNDS	6269	5600001			26 390.00	150 370.99-
3	6 RBT TEL. CALL	6253	5600001	112.00+	59.25		150 311.74-
4	6 CHQ K. PHILLIPS + BC	6276	5600001		2 003.76		148 307.98-
11	6 PMT HOTEL INTERCONTINENTAL	6312	5600001	2 745.45+	1 506.41		146 801.57-
19	6 TR. FROM DEFEX	6422	5600001			3 728.00	150 529.57-
30	6 CHQ K. PHILLIPS + BC	6409	5600001		2 003.93		148 525.64-
17	7 PMT INV. 1323	7075	5600001		2 150.00		146 375.64-
22	8 CHQ K. PHILLIPS	7228	5600001		4 000.00		142 375.64-
2	9 TRANSFER FM U.B.S., FRIBOURG	7286	5600001			86 133.00	
2	9 CHQ K. PHILLIPS	7307	5600001		2 000.00		226 508.64-
22	9 TRANSFER FAV. STANFORD TECH.	7418	5600001		15 000.00		211 508.64-
2	10 CHQ TO KEITH E. PHILLIPS	8002	5600001		2 000.00		209 508.64-

203 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

H 02960

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
10001	CAPITAL CONTRIBUTIONS/WITHDRAWA		(SUITE)				
10	PMT INV OF INTERCONTINETAL HOTEL	8054	5600001	1 841 30+	1 138 36		208 370 28-
11	CHQ KEITH E PHILLIPS	8113	5600001		2 000 00		206 370 28-
11	REDEMPTION PAYMENT MADE 22 SEP10	8120	5600001		130 319 31		76 050 97-
11	PMT INV FM HOTEL INTERCONTINENTA	8144	5600001	1 243 00+	727 75		75 323 22-
12	CHQ 391 INTERCONTINENTAL HOTEL	8377	5600001	27 539 05+	16 199 44		59 123 78-
	TRANSACT & BALANCE			44 473 65+	754 849 19	413 949 97	59 123 78-
11001	****** CAPITAL INVESTED		US$				
1	BROUGHT FORWARD					38 000 00	38 000 00-
1	TRANSFER		100001			64 878 13	102 878 13-
1	MGT FEES 4TH QUARTER 1985	5001	5600001		130 46		102 747 67-
4	MGT FEES 1ST QUARTER 1986	6001	5600001		338 33		102 408 84-
7	MGT FEES 2ND QUARTER 1986	7001	5600001		538 35		101 870 49-
9	7 1250 CALL CREDIT LYONNAIS ADJ	1-	58J000F		0 00		101 870 49-
9	US$/HK$ AT 7 8035	7364	5600001		17 356 38		84 514 11-
10	MGT FEES 3RD QUARTER 1986	8001	5600001		740 65		83 773 46-
12	HK$/US$ AT 7 801	8418	5600001	163 089 01-		20 906 16	
12	MGT FEES 4TH QUARTER 86	8428	5600001		649 04		104 030 58-
	TRANSACT & BALANCE	1-		163 089 01-	19 753 71	123 784 29	104 030 58-
11017	****** CAPITAL INVESTED		HK$				
9	US$/HK$ AT 7 8035	7364	5600017			135 440 50	135 440 50-
12	HK$/US$ AT 7 801	8418	5600017	20 906 16+	163 089 01		27 648 51
	TRANSACT & BALANCE			20 906 16+	163 089 01	135 440 50	27 648 51

4202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	# 02961	DEBIT	CREDIT	BALANCE

202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

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A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
		****** ASSETS & LIABILITIES		US$			
5901		****** FID. DEPOSIT - CREDIT LYONNAIS		US$			
1	1	BROUGHT FORWARD	67340+		67 340.00		67 340.00
3	3	7.1250 CALL CREDIT LYONNAIS ON CALL	1719+	5337 5600001	1 710.62		69 050.62
3	3	7.1250 CALL CREDIT LYONNAIS ON CALL	1038+	6252 5600001	1 033.63		70 089.25
8	9	7.1250 CALL CREDIT LYONNAIS ADJ.	1+	101001	0.00		
8	9	7.1250 CALL CREDIT LYONNAIS OFF CALL	70089-	7283 5600001		70 089.25	0.00
		TRANSACT. & BALANCE			70 089.25	70 089.25	0.00
26101		****** FID. DEPOSIT - RNB		US$			
21	7	5.2500 RNB NEW YORK CALL ON CALL	50000+	7175 5600001	50 000.00		50 000.00
18	8	6.0000 R.N.B. 02/09/86 FIDUCIARY DEPOSIT	50000+	7356 5600001	50 000.00		100 000.00
21	8	5.2500 RNB NEW YORK CALL OFF CALL	50000-	7353 5600001		50 000.00	50 000.00
28	8	5.2500 RNB NEW YORK CALL ON CALL	50000+	7353 5600001	50 000.00		100 000.00
29	8	5.2500 RNB NEW YORK CALL OFF CALL	50000-	7353 5600001		50 000.00	
29	8	5.3750 R.N.B. 03/09/86 FIDUCIARY DEPOSIT	50000+	7358 5600001	50 000.00		100 000.00
2	9	6.0000 R.N.B. 02/09/86 REDEMPTION	50000-	7357 5600001		50 000.00	50 000.00
3	9	5.3750 R.N.B. 03/09/86 REDEMPTION	50000-	7369 5600001		50 000.00	0.00

4202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

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A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
526101	FID DEPOSIT - RNB (SUITE)				
5 9	6.3125 R.N.B 20/10/86				
	FIDUCIARY DEPOSIT	80000+ 8018 5600001	80 000 00		80 000 00
20 10	6.3125 R.N.B 20/10/86				
	REDEMPTION	80000- 8040 5600001		80 000 00	
20 10	R.N.B. 20.11.86				
	FIDUCIARY DEPOSIT	80000+ 8041 5600001	80 000 00		
20 10	R.N.B. 20.11.86				
	REVERSAL	80000- 8148 5600001		80 000 00	0 00
	TRANSACT. & BALANCE		360 000 00	360 000 00	0 00
526601	****** FID DEPOSIT - CREDIT SUISSE US$				
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	100000+ 6290 5600001	100 000 00		100 000 00
16 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000- 6320 5600001		100 000 00	0 00
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	100000+ 6361 5600001	100 000 00		100 000 00
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000- 6383 5600001		100 000 00	0 00
	TRANSACT. & BALANCE		200 000 00	200 000 00	0 00
530601	****** SECURITIES - CAN. IMP. BK OF COMMER US$				
30 12	6.4375 CIBC CERTIFICATES DEPOSI				
	PURCHASE	190000+ 8475 5600001	190 000 00		190 000 00
	TRANSACT. & BALANCE	190000+	190 000 00	0 00	190 000 00

CSF INVESTMENTS LTD.
P.O. HAMILTON, BERMUDA

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LEDGER FROM 01 01 86 TO 11 12 86

D/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
1401	****** SECURITIES - BEAR STEARNS	US$ H 02964			
	BROUGHT FORWARD	0000	14 005 00		14 005 00
4 1	GEORGIA PACIFIC				
	PURCHASE	1000+14029 5600001	25 743 88		
4 1	FLUOR CORP				
	SALE	1000-14030 5600001		25 352 13	
4 1	FLUOR CORP				
	GAIN	761401	1 347 18		25 743 88
3 1	E I DU PONT DE NEMOURS & CO				
	PURCHASE	400+14027 5600001	24 463 04		50 206 92
6 2	E I DU PONT DE NEMOURS & CO				
	SALE	375-14028 5600001		24 319 82	
6 2	E I DU PONT DE NEMOURS & CO				
	GAIN	761401	1 385 72		27 272 82
7 2	E I DU PONT DE NEMOURS & CO				
	SALE	25-14031 5600001		1 631 76	
7 2	E I DU PONT DE NEMOURS & CO				
	GAIN	761401	102 82		
7 2	INTL MINERALS & CHEMICAL CORP				
	PURCHASE	200+14032 5600001	7 038 71		32 782 59
20 2	GEORGIA PACIFIC				
	SALE	500-14038 5600001		14 076 42	
20 2	GEORGIA PACIFIC				
	GAIN	761401	1 204 48		19 910 65
21 2	GEORGIA PACIFIC				
	SALE	500-14039 5600001		14 200 57	
21 2	GEORGIA PACIFIC				
	GAIN	761401	1 328 63		7 038 71
24 2	FOSTER WHEELER CORP				
	PURCHASE	1000+14040 5600001	13 043 49		20 082 20
7 5	INTL MINERALS & CHEMICAL CORP				
	SALE	200-14066 5600001		6 974 76	
7 5	INTL MINERALS & CHEMICAL CORP				
	LOSS	761401		63 95	13 043 49
24 7	BATTLE MOUNTAIN GOLD CO				

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CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
551401	SECURITIES - BEAR STEARNS (SUITE)					
	PURCHASE	1000+14080	5600001	12 000.00		25 043.49
9 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	500-14083	5600001		9 300.00	
9 9	BATTLE MOUNTAIN GOLD CO					
	GAIN		761401	3 300.00		19 043.49
24 9	BATTLE MOUNTAIN GOLD CO					
	SALE	250-14092	5600001		4 843.75	
24 9	BATTLE MOUNTAIN GOLD CO					
	GAIN		761401	1 843.75		16 043.49
25 9	BATTLE MOUNTAIN GOLD CO					
	SALE	250-14088	5600001		4 843.75	
25 9	BATTLE MOUNTAIN GOLD CO					
	GAIN		761401	1 843.75		13 043.49
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	100+14100	5600001	3 783.80		16 827.29
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	100-14101	5600001		3 776.27	
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS		761401		7.53	13 043.49
19 12	FOSTER WHEELER CORP					
	SALE	1000-14104	5600001		12 412.38	
19 12	FOSTER WHEELER CORP					
	LOSS		761401		630.11	0.00
	TRANSACT. & BALANCE			112 934.25	112 934.25	0.00
551801	****** SECURITIES - MERRILL LYNCH		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

H 02965

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

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LEDGER FROM 01 01 86 TO 31 12 86

C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
2417	****** SECURITIES - REED STENHOUSE	HK$			
9	HONG KONG LAND				
	PURCHASE	10000+24002 5600017	15 440 50		15 440 50
10	DAIRY FARM	H 02966			
	RCVD FREE 1 X 2 H K LAND	10000+24004 *	15 440 50		
10	HONG KONG LAND				
	RCVD FREE 1 X 2 H K LAND	10004 *24DF		15 440 50	15 440 50
11	DAIRY FARM				
	SALE	2000-24005 5600017		4 961 25	
11	DAIRY FARM				
	GAIN	762417	1 873 15		
11	HONG KONG LAND				
	PURCHASE	764+24006 5600017	4 960 44		137 312 84
12	HONG KONG LAND				
	SALE	20764-24008 5600017		134 759 98	
12	HONG KONG LAND				
	GAIN	762417	9 798 64		
12	DAIRY FARM				
	COST ON DAIRY FARM	24007 5600017	6 254 54		
12	DAIRY FARM				
	SALE	8000-24007 5600017		34 583 66	
12	DAIRY FARM				
	GAIN	762417	15 976 72		0 00
	TRANSACT & BALANCE		189 744 49	189 744 49	0 00
52701	****** SECURITIES - STRAUSS TURNBULL	US$			
26 3 9	2500 EMI FINANCE BV				
	PURCHASE	70000+27043 5600001	70 000 00		70 000 00
2 7	HIRAM WALKER				
	PURCHASE	120000+27066 5600001	90 600 00		160 600 00
9 7	NEW ENGLAND LIFE MORTAGE				
	PURCHASE	30000+27065 5600001	9 937 50		170 537 50

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4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL (SUITE)					
18 7	HIRAM WALKER					
	SALE	84000-27067	5600001		64 890 00	
18 7	HIRAM WALKER					
	GAIN	762701	II 02967	1 470 00		107 117 50
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	PURCHASE	100000+27075	5600001	100 000 00		207 117 50
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	PURCHASE	50000+27076	5600001	6 750 00		213 867 50
5 11	9.2500 EMI FINANCE BV					
	SALE	50000- 8148	5600001		50 000 00	163 867 50
2 12	9.2500 EMI FINANCE BV					
	REIMBURSEMENT	20000-27098	5600001		20 200 00	
2 12	9.2500 EMI FINANCE BV					
	GAIN	762701		200 00		143 867 50
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	SALE	50000-27084	5600001		5 562 50	
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	LOSS	762701			1 187 50	
19 12	NEW ENGLAND LIFE MORTAGE					
	SALE	30000-27085	5600001		9 975 00	
19 12	NEW ENGLAND LIFE MORTAGE					
	GAIN	762701		37 50		
19 12	HIRAM WALKER					
	SALE	36000-27088	5600001		28 620 00	
19 12	HIRAM WALKER					
	GAIN	762701		1 440 00		
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	SALE	100000-27093	5600001		99 500 00	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	GAIN	762701		500 00		[illegible]
	TRANSACT & BALANCE			280 935 00	280 935 00	0 00

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
000001	****** CASH ACCOUNT		US$				
1	1 BROUGHT FORWARD	08340		31 12 85	21 022.12		21 573.17
2	1 CHQ R. QUINTERO		5014 100001			4 000.00	
7	1 BANK CHARGES		5014 673701	# 02968		3.33	
7	1 REVERSAL		5014 100001		4 003.35		21 573.13
8	1 MGT FEES 4TH QUARTER 1985		5001 101001			130.46	21 402.67
15	1 CHQ K. PHILLIPS		5043 100001			4 000.00	
15	1 BANK CHARGES		5043 673701			2.33	
16	1 PMT HOTEL INTERCONT.		5048 100001	252.43-		437.24	16 242.08
24	1 GEORGIA PACIFIC						
	PURCHASE	1000-14029	14GP			25 743.88	
24	1 FLUOR CORP						
	SALE	1000+14030	14FLR		15 852.18		7 050.38
29	1 E I DU PONT DE NEMOURS & CO						
	PURCHASE	400-14027	14DD			24 463.04	17 412.66-
30	1 CHQ R. QUINTERO + BC		5097 100001			4 003.49	
30	1 REVERSAL		5097 100001		4 003.49		17 412.66-
6	2 E I DU PONT DE NEMOURS & CO						
	SALE	375+14028	14DD		24 319.82		
6	2 TRANSFER FROM LAKE RES		5217 100001		100 000.00		106 907.16
7	2 E I DU PONT DE NEMOURS & CO						
	SALE	25+14031	14DD		1 631.76		
7	2 INTL MINERALS & CHEMICAL CORP						
	PURCHASE	200-14032	14IGL			7 038.71	101 500.21
20	2 GEORGIA PACIFIC						
	SALE	500+14038	14GP		14 076.42		115 576.63
21	2 GEORGIA PACIFIC						
	SALE	500+14039	14GP		14 200.57		129 777.20
24	2 FOSTER WHEELER CORP						
	PURCHASE	1000-14040	14FWC			13 043.49	116 733.71
26	2 CHQ K. PHILLIPS + BC		5380 100001			2 003.71	114 730.00
28	2 CASH WITHDRAWAL		5262 100001			30 000.00	84 730.00
10	3 GEORGIA PACIFIC						
	DIVIDEND	1000+	5435 14GP		140.00		84 870.00
13	3 INT ON CALL		5336 772201		1 710.62		

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LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001		CASH ACCOUNT (SUITE)					
13	3	7.1250 CALL CREDIT LYONNAIS					
		ON CALL	1710- 5337 58J000F			1 710 62	84 870 00
14	3	PMT INV. INTERCONTINENTAL	5325 100001	4 872 80-		2 551 20	82 318 80
26	3	9.2500 EMI FINANCE BV					
		PURCHASE	70000-27043 27JEMI	11 02969		70 000 00	
26	3	9.2500 EMI FINANCE BV					
		ACCRUED INTEREST	70000-27043 27JEMI			6 133 26	6 185 54
31	3	INTL MINERALS & CHEMICAL CORP					
		DIVIDEND	200+ 6177 14IGL		35 00		6 220 54
8	4	MGT FEES 1ST QUARTER 1986	6001 101001			338 83	5 881 71
10	4	PMT INV. HOTEL INTERCONTINENTAL	6025 100001	2 034 60-		1 036 74	4 844 97
11	4	CHQ TO SITGI + CHARGES	2060 100001			58 802 60	53 957 63-
15	4	9.2500 EMI FINANCE BV					
		CREDIT INTEREST	70000+ 6436 27JEMI		6 475 00		47 482 63
22	4	NEW FUNDS	6085 100001		16 000 00		31 482 63
30	4	CHQ K PHILLIPS + BC	6104 100001			2 005 87	33 486 50
7	5	INTL MINERALS & CHEMICAL CORP					
		SALE	200+14066 14IGL		6 974 76		26 511 74-
20	5	NEW FUNDS	6189 100001		8 833 00		17 678 74-
22	5	TB FROM HYDE PARK	6210 100001		100 000 00		82 321 26
28	5	CALL INT	6258 772201		1 038 63		
28	5	7.1250 CALL CREDIT LYONNAIS					
		ON CALL	1038- 6259 58J000F			1 038 63	82 321 26
2	6	NEW FUNDS	6269 100001		26 390 00		108 711 26
3	6	RBT TEL CALL	6253 100001	112 00		56 25	108 652 01
4	6	CHQ K PHILLIPS + BC	6276 100001			2 [illegible]	110 [illegible]
5	6	6.1250 CALL CREDIT SUISSE					
		ON CALL	100000 6290 66J000P			10 [illegible]	[illegible]
11	6	PMT HOTEL INTERCONTINENTAL	6317 100001	2 745 45-		1 506 42	5 141 84
16	6	6.1250 CALL CREDIT SUISSE					
		OFF CALL	100000+ 6320 66J000K		100 000 00		
16	6	CALL INT	6384 772201		116 69		
16	6	FOSTER WHEELER CORP					
		DIVIDEND	1000+ 6441 14FWC		77 00		105 335 53
19	6	TR FROM DEFEX	6422 100001		3 728 00		109 063 53
20	6	6.1250 CALL CREDIT SUISSE					

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
00001	CASH ACCOUNT (SUITE)					
	ON CALL	100000- 6361	661000K		100 000 00	9 063 53
5	6 1250 CALL CREDIT SUISSE					
	OFF CALL	100000+ 6383	661000K	100 000 00		
6	CALL INT	6414	772201	50 00		109 130 19
6	CALL INT	6414	772201	16 66		
6	CHQ K PHILLIPS + BC	6409	100001		2 003 91	107 126 26
7	HIRAM WALKER		# 02970			
	PURCHASE	120000-27066	271HIWA		90 000 00	17 526 26
7	MGT FEES 2ND QUARTER 1986	7001	101001		538 35	16 987 91
7	NEW ENGLAND LIFE MORTAGE					
	PURCHASE	30000-27065	271NEWE		9 937 50	6 050 41
7	PMT INV 1323	7075	100001		2 150 00	3 900 41
7	HIRAM WALKER					
	SALE	84000+27067	271HIWA	64 820 00		68 790 41
7	5 2500 RNB NEW YORK CALL					
	ON CALL	50000- 7175	611600		50 000 00	18 790 41
7	BATTLE MOUNTAIN GOLD CO					
	PURCHASE	1000-14080	14BMGC		12 000 00	6 790 41
7	CALL INTEREST	7206	772201	99 41		6 880 82
8	6 0000 R.N.B. 02/09/86					
	FIDUCIARY DEPOSIT	50000- 7356	611245A		50 000 00	43 119 18-
8	5 2500 RNB NEW YORK CALL					
	OFF CALL	50000+ 7353	611600	50 000 00		6 880 82
8	CHQ K PHILLIPS	7228	100001		4 000 00	
8	BANK CHARGES	7228	673701		5 95	2 874 87
8	5 2500 RNB NEW YORK CALL					
	ON CALL	50000- 7353	611600		50 000 00	47 125 13-
8	5 2500 RNB NEW YORK CALL					
	OFF CALL	50000+ 7353	611600	50 000 00		
8	5 3750 R.N.B. 03/09/86					
	FIDUCIARY DEPOSIT	50000- 7358	611246A		50 000 00	47 125 13-
9	TRANSFER FM U.B.S. FRIBOURG	7286	100001	86 133 00		
9	CHQ K PHILLIPS	7307	100001		2 000 00	
9	BANK CHARGES	7307	673701		6 06	
9	6 0000 R.N.B. 02/09/86					
	REDEMPTION	50000+ 7357	611245A	50 000 00		

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT			(SUITE)			
2 9	INTEREST		7357	772201	123.29		87 125.10
3 9	5 3750 R N B 03/09/86 REDEMPTION	50000+	7369	611246A	50 000.00		
3 9	INTEREST		7369	772201	36.81		137 161.91
5 9	6 3125 R N B 20/10/86 FIDUCIARY DEPOSIT	80000-	8018	611293A		80 000.00	57 161.91
8 9	7 1250 CALL CREDIT LYONNAIS OFF CALL	70089+	7283	581000F	70 089.25		
8 9	CALL INTEREST		7283	772201	1 303.47		
8 9	ADJ ON OFF CALL		7283	772201		0.01	
8 9	CALL INT		7371	772201	157.53		128 712.15
9 9	BATTLE MOUNTAIN GOLD CO. SALE	500+14083		14BMGC	9 300.00		138 012.15
10 9	9 0000 R H M OVERSEAS FINANCE PURCHASE	100000-27075		271RHM		100 000.00	
10 9	9 0000 R H M OVERSEAS FINANCE ACCRUED INTEREST	100000-27075		271RHM		625.00	37 587.15
15 9	FOSTER WHEELER CORP. DIVIDEND	1000+	7435	14FWC	77.00		37 664.15
16 9	1 0870 S N C F PART PAID 15/9/ PURCHASE	50000-	27076	772SNCF		6 750.00	
16 9	1 0870 S N C F PART PAID 15/9/ ACCRUED INTEREST	50000-	27076	772SNCF		1.51	30 912.64
18 9	US$/HK$ AT 7.8035		7364	101001		17 354.38	
18 9	BATTLE MOUNTAIN GOLD CO DIVIDEND	1000+	7435	14BMGC	17.50		13 [illegible]
22 9	TRANSFER FAV. STANFORD TECH		7418	100001		15 000.00	[illegible]
24 9	BATTLE MOUNTAIN GOLD CO. SALE	250+14092		14BMGC	4 843.75		3 [illegible]
25 9	BATTLE MOUNTAIN GOLD CO. SALE	250+14088		14BMGC	4 843.75		8 061.22
2 10	CHQ TO KEITH E. PHILLIPS	8002	100001			2 000.00	
2 10	BANK CHARGES	8002	622701			6.13	6 055.09
15 10	MGT FEES 3RD QUARTER 1986	8001	101001			740.65	5 314.44
17 10	PMT INV. OF INTERCONTINETAL HOTEL	8054	100001	1 841.30-		1 130.36	4 176.12
20 10	6.3125 R.N.B. 20/10/86						

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
00001	CASH ACCOUNT		(SUITE)			
	REDEMPTION	80000+ 8040 611293A		80 000 00		
10 10	INTEREST	9040 772201		622 40		
10 10	R.N.3 20 11 86				80 000 00	
	FIDUCIARY DEPOSIT	30000- 8041 611324B				
20 10	R.N.3 20 11 86		# 02972	80 000 00		34 799 72
	REVERSAL	80000+ 8148 611324B			2 000 00	
3 11	CHQ KEITH E. PHILLIPS	8113 100001			5 87	32 792 85
7 11	BANK CHARGES	8113 673701			130 319 31	
5 11	REDEMPTION PAYMENT MADE BY SERFID	9120 100001				
5 11	9 2500 EMI FINANCE BV					
	SALE	50000+ 8148 271EMI		50 000 00		
5 11	9 2500 EMI FINANCE BV					
	ACCRUED INTEREST	50000+ 8148 271EMI		2 584 93		5 058 47
12 11	PMT INV. FM HOTEL INTERCONTINENTA	8144 100001	1 343 00-		727 75	
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	100-14100 14CITN			3 783 80	546 92
2 12	9 2500 EMI FINANCE BV					
	REIMBURSEMENT	20000+27098 271EMI		20 200 00		
2 12	9 2500 EMI FINANCE BV					
	ACCRUED INT	20000+27098 271EMI		1 166 52		21 913 44
5 12	FOSTER WHEELER CORP					
	DIVIDEND	1000+ 8487 14FWC		77 00		21 990 44
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	100+14101 14CITN		3 776 27		25 766 71
18 12	CHQ 391 INTERCONTINENTAL HOTEL	8377 100001	27 539 05-		16 199 44	9 567 27
19 12	1 0870 S.N.C.F PART PAID 15/9/					
	SALE	50000+27084 271SNCF		5 562 50		
19 12	1 0870 S.N.C.F PART PAID 15/9/					
	CREDIT INTEREST	50000+27084 271SNCF		141 98		
19 12	NEW ENGLAND LIFE MORTAGE					
	SALE	30000+27085 271NEWE		9 975 00		
19 12	HIRAM WALKER					
	SALE	36000+27088 271HIWA		28 620 00		
19 12	9 0000 R H M OVERSEAS FINANCE					
	SALE	100000+27093 271RHM		100 500 00		
19 12	9 0000 R H M OVERSEAS FINANCE					

4202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD. HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)			
	CREDIT INTEREST	100000+27093 27JRHM		3 100 00		
19 12	FOSTER WHEELER CORP					
	SALE	1000+14114 14FWC	# 02973	12 413 38		169 880 13
23 12	HK$/US$ AT 7 801	8418 101001	183 089 64	20 906 16		
23 12	MGT FEES 4TH QUARTER 86	8428 101001			649 04	190 137 25
30 12	6.4375 CIBC CERTIFICATES DEPOSI					
	PURCHASE	190000- 8475 08JCD			190 000 00	137 25
	TRANSACT & BALANCE	114799-	116 615 364	1 432 758 18	1 432 620 93	137 25
5600017	****** CASH ACCOUNT	HK$				
12 9	HONG KONG LAND					
	PURCHASE	20000-24002 24HKL			135 441 50	135 440 50-
18 9	US$/HK$ AT 7 8035	7364 101017		135 440 50		0 00
4 11	DAIRY FARM					
	SALE	2000+24005 24DF		4 961 25		
4 11	HONG KONG LAND					
	PURCHASE	764-24006 24HKL			4 960 42	0 83
17 12	HONG KONG LAND					
	SALE	20764+24008 24HKL		134 799 08		
17 12	DAIRY FARM					
	COST ON DAIRY FARM	24007 24DF			6 254 16	
17 12	DAIRY FARM					
	SALE	8000 24007 24DF		34 583 66		173 790 0
23 12	HK$/US$ AT 7 80	8418 101017	20 906 16		5 [illegible]	0 00
	TRANSACT & BALANCE	10000+	20 906 16-	309 744 49	309 744 49	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
		H 02974				

4202 SCITECH TRADING GROUP INC.

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES	US$	# 02975		
673701	****** BANK CHARGES	US$			
7 1	BANK CHARGES	5014 5600001	3 35		3 35
16 1	BANK CHARGES	5043 5600001	3 35		6 70
22 8	BANK CHARGES	7228 5600001	5 95		12 65
2 9	BANK CHARGES	7307 5600001	6 06		18 71
2 10	BANK CHARGES	8002 5600001	6 13		24 84
3 11	BANK CHARGES	8113 5600001	5 87		30 71
	TRANSACT. & BALANCE		30 71	0 00	30 71

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
	****** INCOME	US$			
				H 02976	
21	****** REAL GAINS/LOSSES - BEAR STEARNS US$				
4 1	FLUOR CORP				
	GAIN	14FLR		1 847 18	1 847 18-
5 2	E I DU PONT DE NEMOURS & CO				
	GAIN	14DD		1 232 90	2 080 08-
7 2	E I DU PONT DE NEMOURS & CO				
	GAIN	14DD		102 82	3 335 72-
20 2	GEORGIA PACIFIC				
	GAIN	14GP		1 204 48	4 540 20-
21 2	GEORGIA PACIFIC				
	GAIN	14GP		1 328 63	5 868 83-
7 5	INTL MINERALS & CHEMICAL CORP				
	LOSS	14IGL	63 95		5 804 88-
9 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		3 300 00	9 104 88-
24 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		1 843 75	10 948 63-
25 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		1 843 75	12 792 38-
17 12	CITIZENS FINANCIAL GROUP INC				
	LOSS	14CITN	7 53		12 784 85-
19 12	FOSTER WHEELER CORP				
	LOSS	14FWC	630 11		12 154 74-
	TRANSACT. & BALANCE		701 59	12 856 33	12 154 74-

4202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
762417	****** REAL. GAINS/LOSSES - REED STENHOUSE HK$					
4 11	DAIRY FARM					
	GAIN		24DF		1 873.15	1 873.15-
17 12	HONG KONG LAND					
	GAIN		24HKL		9 798.64	
17 12	DAIRY FARM					
	GAIN		24DF		15 976.72	27 648.51-
	TRANSACT. & BALANCE			0.00	27 648.51	27 648.51-
762701	****** REAL. GAINS/LOSSES - ST. TURNBULL US$					
18 2	HIRAM WALKER					
	GAIN		27JHIWA		1 470.00	1 470.00-
2 12	9 2500 EMI FINANCE BV					
	GAIN		27JEMI		200.00	1 670.00-
19 12	1 0870 S N C F. PART PAID 15/9/					
	LOSS		27JSNCF	1 187.50		
19 12	NEW ENGLAND LIFE MORTAGE					
	GAIN		27JNEWL		32.50	
19 12	HIRAM WALKER					
	GAIN		27JHIWA		1 445.00	
19 12	9 0000 P.H.M. OVERSEAS FINANCE					
	GAIN		27JPHM		300.00	452.50-
	TRANSACT. & B[illegible]			1 187.50	[illegible]	[illegible]
771101	****** INTEREST EARNED ON BONDS US$					
26 3	9 2500 EMI FINANCE BV					
	ACCRUED INTEREST	70000+27043	5600001	€ 133.26		€ 133.26
15 4	9 2500 EMI FINANCE BV					
	CREDIT INTEREST	70000- 6436	5600001		6 475.00	341.74-

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

1202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

T/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
71101	INTEREST EARNED ON BONDS		(SUITE)			
10 9	9 0000 R.H.M. OVERSEAS FINANCE			H-02978		
	ACCRUED INTEREST	100000+27075 5600001		1 [illegible]		[illegible]
[illegible]	[illegible] [illegible] [illegible] PART PAID 15/9/					
	ACCRUED INTEREST	50000+27076 5600001		1 [illegible]		[illegible]
11 9	2500 EMI FINANCE BV					
	ACCRUED INTEREST	50000- 8149 5600001			2 584 93	2 [illegible]
12 9	2500 EMI FINANCE BV					
	ACCRUED INT	20000-27093 5600001			1 [illegible]	[illegible]
12 1	0870 [illegible] [illegible] PART PAID 15/9/					
	CREDIT INTEREST	50000-27084 5600001			141 98	
12 12	9 0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	100000-27093 5600001			3 100 00	6 708 66-
	TRANSACT & BALANCE	70000-		6 759 77	13 468 43	6 708 66-
71201	****** DIVIDENDS		US$			
10 3	GEORGIA PACIFIC					
	DIVIDEND	1000- 5435 5600001			140 00	140 00-
31 3	INTL MINERALS & CHEMICAL CORP					
	DIVIDEND	200- 6177 5600001			35 00	175 00-
16 6	FOSTER WHEELER CORP					
	DIVIDEND	1000- 6441 5600001			77 00	252 00-
15 9	FOSTER WHEELER CORP					
	DIVIDEND	1000- 7435 5600001			77 00	329 00-
18 9	BATTLE MOUNTAIN GOLD CO					
	DIVIDEND	1000- 7435 5600001			17 50	346 50-
15 12	FOSTER WHEELER CORP					
	DIVIDEND	1000- 8487 5600001			77 00	423 50-
	TRANSACT & BALANCE	5200-		0 00	423 50	423 50-

4202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
772201	****** INTEREST EARNED ON FTD	US$			H 02979
13 3	INT. ON CALL	5336 5600001		1 710 62	1 710 62-
26 5	CALL INT	6258 5600001		1 038 63	2 749 25-
16 6	CALL INT	6384 5600001		116 69	2 865 94-
24 6	CALL INT	6414 5600001		50 00	
24 6	CALL INT.	6414 5600001		16 66	2 932 60-
21 7	CALL INTEREST	7206 5600001		90 41	3 023 01-
2 9	INTEREST	7357 5600001		123 29	3 146 30-
3 9	INTEREST	7369 5600001		36 81	3 183 11-
8 9	CALL INTEREST	7283 5600001		1 303 47	
8 9	ADJ ON OFF CALL	7283 5600001	0 01		
8 9	CALL INT	7371 5600001		157 53	4 644 10-
20 10	INTEREST	8040 5600001		622 60	5 266 70-
	TRANSACT & BALANCE		0 01	5 266 71	5 266 70-
	GRAND TOTALS		3 692 573 15	3 692 573 15	0 00

00 C.S.F. INV LTD 86 03 13 PAGE 366
LEDGER FROM 01 01 85 TO 31 12 85

C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

H 02900

2001 ****** SCITECH TRADING GROUP INC. CASH US$

11	NEW FUNDS		8160 5611001			67 340.00	
11	FIDUCIARY DEPOSIT	67340+	8160 5611001		67 340.00		0.00
11	PMT INTERCONTINENTAL		8215 5609001	5 133.00+	2 461.87		2 461.87
12	CHQ K. PHILLIPS		8303 999901		2 000.00		
12	BUS. EXP. PHASE IV		8333 999901			50 000.00	
12	RD WITH. AH AND RVS		8333 999901		10 000.00		35 538.13-
12	PURCHASE	1000+	8424 #5614001		14 005.00		21 533.13-

INVESTMENTS LTD.
HAMILTON, BERMUDA



2000 C S F INV LTD H 02981 86 03 13 PAGE 367
LEDGER FROM 01 01 85 TO 31 12 85

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
4202001	SCITECH TRADING GROUP INC	CASH	(SUITE)			
	TRANSACT & BALANCE	68340+	5 133 00+	95 806 87	117 340 00	21 533 13-

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1		****** CAPITAL		US$				
							H 02902	
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1	1	BROUGHT FORWARD					2 000 000 00	2 000 000 00-
2	1	TRANSFER		101001		2 000 000 00		0 00
4	3	PMT F 2082 STC INT	1317	5600001		1 767 12		1 767 12
		TRANSACT & BALANCE				2 001 767 12	2 000 000 00	1 767 12
101001		****** CAPITAL INVESTED		US$				
1	1	BROUGHT FORWARD			25 178 56+	15 246 19		
1	1	1986 P/L NET BALANCE					144 397 70	129 151 51-
2	1	TRANSFER		100001			2 000 000 00	2 129 151 51-
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 834 48		2 125 317 03-
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001		1 330 69		2 123 986 34-
		TRANSACT & BALANCE			25 178 56+	20 411 36	2 144 397 70	2 123 986 34-
101012		****** CAPITAL INVESTED		MFK				
1	1	BROUGHT FORWARD			5 308 25-		25 178 56	
1	1	1986 P/L NET BALANCE				25 178.56		0 00
		TRANSACT. & BALANCE			5 308.25-	25 178.56	25 178.56	0.00

4224 AH/SUB A/C # 1 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 2

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

M 02983

H 02984

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	✓ BALANCE
5	****** ASSETS & LIABILITIES	US$				
517401	****** PRIVATE INVESTMENTS RECEIVABLE	US$				
	TRANSACT. & BALANCE			0.00	0.00	0.00
525601	****** FID DEPOSIT - CONTINENTAL BANK	US$				
	TRANSACT & BALANCE			0.00	0.00	0.00
526101	****** FID DEPOSIT - RNB	US$				
	TRANSACT & BALANCE			0.00	0.00	0.00
526601	****** FID DEPOSIT - CREDIT SUISSE	US$				
	TRANSACT & BALANCE			0.00	0.00	0.00
526901	****** FID DEPOSIT - CIBC GENEVA	US$				
	TRANSACT & BALANCE			0.00	0.00	0.00
550601	****** SECURITIES - R.N.B.	US$				
	TRANSACT. & BALANCE			0.00	0.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER	US$				
1 1 8 1	BROUGHT FORWARD	2127000+		2 127 000.00		2 127 000.00
8 1	SALE	2127000-	8475 5600001		2 127 000.00	
8 1	INTEREST TO 30 03 87 AT 0.437		8475 5600001		2 093.76	
	REVERSAL		8475 5600001	2 093.76		0.00

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
550801	SECURITIES - CAN IMP BK OF CO		(SUITE)			
	TRANSACT & BALANCE			2 129 093 76	2 129 093 76	0 00
551401	****** SECURITITES - BEAR STEARNS		US$			
	TRANSACT. & BALANCE			0 00	0 00	0.00
551801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	2125000+18001	5600001	2 125 000 00		2 125 000.00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	2125000-18002	5600001		2 125 000 00	
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2156875+18003	5600001	2 156 875 00		2 156 875.00
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2168108+18005	5600001	2 168 108 00		
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	2156875-18004	5600001		2 156 875 00	2 168 108 00
	TRANSACT & BALANCE	2168108+		6 449 983 00	4 281 875 00	2 168 108.00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT. & BALANCE			0 00	0 00	0 00
552701	****** SECURITIES - STRAUSS TURNBULL		US$			
	TRANSACT. & BALANCE			0.00	0 00	0 00

H 02985

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001		****** CASH ACCOUNT			US$			
1	1	BROUGHT FORWARD	1637000-		25 178 56-	2 151 51		2 151.51
8	1	SALE	2127000+	8475 08]CD		2 127 000 00		
8	1	INTEREST FM 30 1286 TO 08 01		8475 08]CD		3 423 14		
8	1	INTEREST TO 30 03 87 AT 0 437		8475 08]CD		2 093 76		
8	1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	2125000-	18001 18]CDTO			2 125 000 00	
8	1	REVERSAL		8475 08]CD			2 093 76	
8	1	INTEREST TO 30 03 87 AT 0. 43		8475 08]CD		2 093 76		9 668.41
30	1	MGT FEES 4TH QAURTER 1986		5001 101001			3 834 48	5 833 93
4	3	PMT F 2082 STC INT		1317 100001			1 767.12	4 066.81
8	4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	2125000+	18002 18]CDTO		2 125 000.00		
8	4	6 0000 EURO-CD TORONTO DOMINION INTEREST	2125000+	18002 18]CDTO		31 875 00		
8	4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	2156875-	18003 18]128A			2 156 875.00	4 066.81
21	4	MGT FEES 1ST QUARTER 1987		6001 101001			1 330.69	2 736.12
8	5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	2168108-	18005 18]189A			2 168 108.00	
8	5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	2156875+	18004 18]128A		2 156 875 00		
8	5	CREDIT INTEREST	2156875+	18004 772201		11 233.73		2 736.85
		TRANSACT & BALANCE	2603767+		25 178.56-	6 461 745 90	6 459 009 05	2 736.85

4224 AH/SUB LEDGER A/C # 1 FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600012	****** CASH ACCOUNT			MFK			
	TRANSACT & BALANCE				0 00	0 00	0 00
570001	****** BLOCKED DEPOSIT ACCOUNT			US$			
	TRANSACT & BALANCE				0 00	0 00	0 00

H 02987

4224 AH/SUB. A/C # 1 LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 7

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES	US$			

644

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
7	CHARGES		(SUITE)			
7	****** INCOME		US$			
760601	****** REAL GAINS/LOSSES - R N B		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
760801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
761401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0 00	0 00	0 00
762401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
771101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 03 87 TO 08 01	8475 5600001			3 423 14	
8 1	INTEREST TO 30 03 87 AT 0. 43	8475 5600001			2 093 76	5 516 90-
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	2125000-18002 5600001			31 875 00	37 391 90-

H 02990

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS		(SUITE)			
	TRANSACT & BALANCE	2125000-		0 00	37 391 90	37 391 90-
771212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	2156875-18004 5600001			11 233 73	11 233 73-
	TRANSACT & BALANCE	2156875-		0 00	11 233 73	11 233 73-
772301	****** INCOME ON INVESTMENTS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
800	****** DEBTOR BY GUARANTEE		US$			
800001	****** FORWAY DEBTOR GUARANTY		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
801	****** GUARANTEE FURNISHED		US$			
801001	****** CIBC GUARANTY FURNISHED		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

4224 AH/SUB A/C # 1 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 10

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

4224 AH/SUB. A/C # 1 LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 11

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			********** 17 088 179 70	********** 17 088 179 70	0.00

H 02992

4224 AH/SUB. A/C # 1 — 87 01 28 PAGE 1
LEDGER — FROM 01 01 86 TO 31 12 86 — # 02933

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNTS		(SUITE)				
	****** CAPITAL		US$				
00001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
6 3	NEW FUNDS	5279	5600001			1 990 000.00	1 990 000.00-
21 5	TR. FROM GULF	6218	5600001			10 000.00	2 000 000.00-
	TRANSACT. & BALANCE				0.00	2 000 000.00	2 000 000.00-
01001	****** CAPITAL INVESTED		US$				
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		2 481.98		2 481.98
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		3 744.75		6 226.73
25 11	MKF/US$ AT 20.455	22026	5600001	212 678.56+	43 503.40		49 730.13
23 12	MKF/US$ AT 4.909	8418	5600001	187 500.00-		38 195.15	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		3 711.21		15 246.19
	TRANSACT. & BALANCE			25 178.56+	53 441.34	38 195.15	15 246.19
01012	****** CAPITAL INVESTED		MFK				
25 11	MKF/US$ AT 20.455	22026	5600012	43 503.40-		212 678.56	212 678.56-
23 12	MKF/US$ AT 4.909	8418	5600012	38 195.15+	187 500.00		25 178.56-
	TRANSACT. & BALANCE			5 308.25-	187 500.00	212 678.56	25 178.56-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

224 AH/SUB. A/C # 1 87 01 28 PAGE 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
						# 02994

650

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES		US$			
					# 02935	
517401	****** PRIVATE INVESTMENTS RECEIVABLE		US$			
5 9	7.0000 COSFIN BV					
	INVESTMENT	50000+ 3519	5600001	50 000.00		50 000.00
11 12	7.0000 COSFIN BV					
	REDEMPTION	50000- 4436	5600001		50 000.00	0.00
	TRANSACT. & BALANCE			50 000.00	50 000.00	0.00
525301	****** FID. DEPOSIT - CONTINENTAL BANK		US$			
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	14000+ 8107	5600001	14 000.00		14 000.00
8 12	5.8750 CONTINENTAL BANK 08.12.8					
	REDEMPTION	14000- 8268	5600001		14 000.00	
8 12	6.2500 CONTINENTAL BANK 08.01.8					
	FIDUCIARY DEPOSIT	14000+ 8269	5600001	14 000.00		14 000.00
15 12	6.2500 CONTINENTAL BANK 08.01.8					
	REDEMPTION	14000- 8327	5600001		14 000.00	0.00
	TRANSACT. & BALANCE			28 000.00	28 000.00	0.00
526101	****** FID. DEPOSIT - RNB		US$			
5 9	6.3125 R.N.B. 20/10/86					
	FIDUCIARY DEPOSIT	100000+ 8018	5600001	100 000.00		100 000.00
12 9	5.2500 RNB NEW YORK CALL					
	ON CALL	10000+ 7438	5600001	10 000.00		110 000.00
20 10	6.3125 R.N.B. 20/10/86					
	REDEMPTION	100000- 8040	5600001		100 000.00	
20 10	R.N.B. 20.11.86					

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
26101	FID. DEPOSIT - RNB (SUITE)			02996	
	FIDUCIARY DEPOSIT	100000+ 8041 5600001	100 000.00		110 000.00
10 11	5.2500 RNB NEW YORK CALL				
	OFF CALL	10000- 8199 5600001		10 000.00	100 000.00
20 11	R.N.B. 20.11.86				
	REDEMPTION	100000- 8174 5600001		100 000.00	0.00
	TRANSACT. & BALANCE		210 000.00	210 000.00	0.00
26601	****** FID. DEPOSIT - CREDIT SUISSE US$				
5 3	6.1250 CALL CREDIT SUISSE				
	ON CALL	2000000+ 5288 5600001	2 000 000.00		2 000 000.00
10 4	6.1250 CALL CREDIT SUISSE				
	OFF CALL	250000- 6022 5600001		250 000.00	1 750 000.00
14 4	6.1250 CALL CREDIT SUISSE				
	OFF CALL	200000- 6032 5600001		200 000.00	1 550 000.00
22 4	6.1250 CALL CREDIT SUISSE				
	ON CALL	450000+ 6074 5600001	450 000.00		2 000 000.00
20 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	634000- 6361 5600001		634 000.00	1 366 000.00
23 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	812000- 6374 5600001		812 000.00	554 000.00
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	250000- 6383 5600001		250 000.00	304 000.00
24 7	6.1250 CALL CREDIT SUISSE				
	OFF CALL	304000- 7107 5600001		304 000.00	0.00
	TRANSACT. & BALANCE		2 450 000.00	2 450 000.00	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
				II 02997		
526901	▪▪▪▪▪▪ FID. DEPOSIT - CIBC GENEVA		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
550601	▪▪▪▪▪▪ SECURITIES - R.N.B.		US$			
19 11	OUNCES - GOLD					
	PURCHASE	100+ 8258	5600001	38 800.00		38 800.00
12 12	OUNCES - GOLD					
	SALE	100- 8374	5600001		39 025.00	
12 12	OUNCES - GOLD					
	GAIN		760601	225.00		0.00
	TRANSACT. & BALANCE			39 025.00	39 025.00	0.00
550801	▪▪▪▪▪▪ SECURITIES - CAN. IMP. BK OF COMMER		US$			
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	PURCHASE	154000+ 8005	5600001	153 037.50		
24 7	7.5000 SASKATCHEWAN					
	PURCHASE	150000+ 8006	5600001	147 937.50		300 975.00
4 9	7.5000 SASKATCHEWAN					
	SALE	150000- 8009	5600001		149 625.00	
4 9	7.5000 SASKATCHEWAN					
	GAIN		760801	1 687.50		153 037.50
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	SALE	154000- 8325	5600001		157 657.50	
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	GAIN		760801	4 620.00		0.00
30 12	6.4375 CIBC CERTIFICATES DEPOSI					
	PURCHASE	2127000+ 8475	5600001	2 127 000.00		2 127 000.00
	TRANSACT. & BALANCE	2127000+		2 434 282.50	307 282.50	2 127 000.00

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A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
51401	****** SECURITITES - BEAR STEARNS	US$				
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	1000+14100	5600001	37 838.03		37 838.03
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	1000-14101	5600001		37 762.70	
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS	761401			75.33	0.00
	TRANSACT. & BALANCE			37 838.03	37 838.03	0.00
51801	****** SECURITIES - MERRILL LYNCH	US$				
	TRANSACT. & BALANCE			0.00	0.00	0.00
52212	****** SECURITIES - MORGAN STANLEY	MFK				
25 11	POHJOLA (NEWS) B					
	PURCHASE	2500+22026	5600012	212 678.56		212 678.56
22 12	POHJOLA (NEWS) B					
	SALE	2500-22030	5600012		187 500.00	
22 12	POHJOLA (NEWS) B					
	LOSS	762212			25 178.56	0.00
	TRANSACT. & BALANCE			212 678.56	212 678.56	0.00
52701	****** SECURITIES - STRAUSS TURNBULL	US$				
16 6	12.8750 TEXACO CAPITAL INC					
	PURCHASE	90000+27058	5600001	92 700.00		
16 6	14.7500 UNION CARBIDE					
	PURCHASE	250000+27059	5600001	258 750.00		351 450.00
20 6	12.0000 GENERAL ELECTRIC					
	PURCHASE	25000[illegible]27057	5600001	[illegible]283 750.00		635 200.00

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL (SUITE)			02999		
23 6	12.0000 AMERICAN SAVINGS INT'L N					
	PURCHASE	750000+27058	5600001	791 250.00		1 426 450.00
1 7	8.1250 B.O.C. GROUP PLC					
	PURCHASE	100000+27064	5600001	92 250.00		1 518 700.00
9 7	NEW ENGLAND LIFE MORTAGE					
	PURCHASE	470000+27065	5600001	155 687.50		1 674 387.50
1 9	12.8750 TEXACO CAPITAL INC					
	AMORT. BDS PREM.	7443	#271TEXA		1 350.00	1 673 037.50
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	PURCHASE	50000+27076	5600001	6 750.00		1 679 787.50
15 12	14.7500 UNION CARBIDE					
	SALE	250000- 8356	5600001		257 500.00	
15 12	14.7500 UNION CARBIDE					
	LOSS		762701		1 250.00	1 421 037.50
19 12	12.0000 AMERICAN SAVINGS INT'L N					
	SALE	750000-27082	5600001		790 312.50	
19 12	12.0000 AMERICAN SAVINGS INT'L N					
	LOSS		762701		937.50	
19 12	12.8750 TEXACO CAPITAL INC					
	SALE	90000-27083	5600001		91 350.00	
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	SALE	50000-27084	5600001		5 562.50	
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	LOSS		762701		1 187.50	
19 12	NEW ENGLAND LIFE MORTAGE					
	SALE	470000-27085	5600001		156 275.00	
19 12	NEW ENGLAND LIFE MORTAGE					
	GAIN		762701	587.50		
19 12	8.1250 B.O.C. GROUP PLC					
	SALE	100000-27090	5600001		95 750.00	
19 12	8.1250 B.O.C. GROUP PLC					
	GAIN		762701	3 500.00		
19 12	12.0000 GENERAL ELECTRIC					
	SALE	250000-27096	5600001		286 875.00	
19 12	12.0000 GENERAL ELECTRIC					
	GAIN		762701	3 125.00		0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
52701	SECURITIES - STRAUSS TURNBULL		(SUITE)			
	TRANSACT. & BALANCE			1 688 350.00	1 688 350.00	0.00
600001	****** CASH ACCOUNT		US$			
5 3	6.1250 CALL CREDIT SUISSE					
	ON CALL	2000000-	5288 661000K		2 000 000.00	2 000 000.00-
6 3	NEW FUNDS		5279 100001	1 990 000.00		10 000.00-
13 3	CALL INT.		5358 772201	3 055.56		6 944.44-
10 4	6.1250 CALL CREDIT SUISSE					
	OFF CALL	250000+	6022 661000K	250 000.00		243 055.56
14 4	CALL INT.		6049 772201	11 593.75		
14 4	6.1250 CALL CREDIT SUISSE					
	OFF CALL	200000+	6032 661000K	200 000.00		454 649.31
16 4	CALL INT.		6084 772201	570.48		455 219.79
22 4	6.1250 CALL CREDIT SUISSE					
	ON CALL	450000-	6074 661000K		450 000.00	
22 4	CALL INT.		6116 772201	1 550.00		6 769.79
21 5	TR. FROM GULF		6218 100001	10 000.00		16 769.79
9 6	INTEREST		6309 772201	16 000.00		32 769.79
16 6	12.8750 TEXACO CAPITAL INC					
	PURCHASE	90000-	27056 271TEXA		92 700.00	
16 6	12.8750 TEXACO CAPITAL INC					
	ACCRUED INT	90000-	27056 271TEXA		9 173.44	
16 6	14.7500 UNION CARBIDE					
	PURCHASE	250000-	27059 271UNCA		258 750.00	
16 6	14.7500 UNION CARBIDE					
	ACCRUED INT	250000-	27059 271UNCA		4 609.37	
16 6	CALL INT.		6384 772201	2 333.32		330 129.70-
18 6	CALL INT.		6385 772201	666.66		329 463.04-
20 6	6.1250 CALL CREDIT SUISSE					
	OFF CALL	634000+	6361 661000K	634 000.00		
20 6	12.0000 GENERAL ELECTRIC					
	PURCHASE	250000-	27057 271GE		283 750.00	
20 6	12.0000 GENERAL ELECTRIC					

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5&00001	CASH ACCOUNT (SUITE) # 03001					
	ACCRUED INT	250000-27057	27JGE		17 916.67	
20 6	CALL INT.	6386	772201	666.66		3 536.95
23 6	12.0000 AMERICAN SAVINGS INT'L N					
	PURCHASE	750000-27058	27JAMSA		791 250.00	
23 6	12.0000 AMERICAN SAVINGS INT'L N					
	ACCRUED AINT	750000-27058	27JAMSA		20 500.00	
23 6	6.1250 CALL CREDIT SUISSE					
	OFF CALL	812000+ 6374	68J000K	812 000.00		3 786.95
24 6	6.1250 CALL CREDIT SUISSE					
	OFF CALL	250000+ 6383	66J000K	250 000.00		
24 6	CALL INT.	6414	772201	683.00		
24 6	CALL INT.	6414	772201	92.33		254 562.28
1 7	8.1250 B.O.C. GROUP PLC					
	PURCHASE	100000-27064	27JBOC		92 250.00	
1 7	8.1250 B.O.C. GROUP PLC					
	ACCRUED INT.	100000-27064	27JBOC		1 060.77	161 251.51
7 7	MGT FEES 2ND QUARTER 1986	7001	101001		2 481.98	158 769.53
9 7	NEW ENGLAND LIFE MORTAGE					
	PURCHASE	470000-27065	27JNEWE		155 687.50	3 082.03
16 7	CALL INTEREST	7084	772201	1 114.67		4 196 70
17 7	CALL INTEREST	7092	772201	47 50		4 244 20
22 7	CALL INTEREST	7118	772201	209.55		4 453.75
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	PURCHASE	154000- 8005	08JPRU		153 037.50	
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	ACCRUED INTEREST	154000- 8005	08JPRU		66.30	
24 7	7.5000 SASKATCHEWAN					
	PURCHASE	150000- 8006	08JSASK		147 937.50	
24 7	6.1250 CALL CREDIT SUISSE					
	OFF CALL	304000+ 7107	66J000K	304 000.00		
24 7	CALL INTEREST	7132	772201	95.00		7 507.45
1 9	12.8750 TEXACO CAPITAL INC					
	CREDIT INTEREST	90000+ 7443	27JTEXA	11 587.50		19 094.95
4 9	7.5000 SASKATCHEWAN					
	SALE	150000+ 8009	08JSASK	149 625.00		
4 9	7.5000 SASKATCHEWAN					

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT (SUITE)					
	ACCRUED INTEREST	150000+ 8009 081SASK		1 250.00		169 969.95
5 9	7.0000 COSFIN BV					
	INVESTMENT	50000- 3519 741CO55			50 000 00	
5 9	6.3125 R.N.B. 20/10/86					
	FIDUCIARY DEPOSIT	100000- 8018 611293A			100 000 00	19 969.95
12 9	5.2500 RNB NEW YORK CALL					
	ON CALL	10000- 7438 611J600			10 000 00	9 969.95
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	PURCHASE	50000-27076 271SNCF			6 750 00	
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	ACCRUED INTEREST	50000-27076 771SNCF			1.51	3 218.44
7 10	CALL INTEREST	8029 772201		25.89		3 244.33
15 10	MGT FEES 3RD QUARTER 1986	8001 101001			3 744.75	500.42-
20 10	6.3125 R.N.B. 20/10/86					
	REDEMPTION	100000+ 8040 611293A		100 000.00		
20 10	INTEREST	8040 772201		778.25		
20 10	R.N.B. 20.11.86					
	FIDUCIARY DEPOSIT	100000- 8041 611324B			100 000.00	277.83
3 11	CALL INTEREST	8193 772201		44.59		322.42
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	14000- 8107 561342A			14 000 00	13 677.58-
7 11	INTEREST COSS 5/9-31/10/86	4203 772301		536.99		13 140.59-
10 11	5.2500 RNB NEW YORK CALL					
	OFF CALL	10000+ 8199 611J600		10 000.00		3 140.59-
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	1000-14100 14CITN			37 838 03	40 978.62-
15 11	12.0000 GENERAL ELECTRIC					
	INTEREST	250000+ 8171 271GE		30 000.00		10 978.62-
19 11	OUNCES - GOLD					
	PURCHASE	100- 8258 06ZPDGL			38 800.00	49 778.62-
20 11	R.N.B. 20.11.86					
	REDEMPTION	100000+ 8174 611324B		100 000.00		
20 11	INTEREST	8174 772201		488.35		50 709.73
25 11	MKF/US$ AT 20.455	22026 101001	212 678.56-		43 503.40	7 206.33
28 11	DEPOSIT CIBC 5,375%	8056 570001			200 000.00	192 793.67-
8 12	5.8750 CONTINENTAL BANK 08.12.8					

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)				
	REDEMPTION	14000+ 8268 561342A	14 000.00		
8 12	INTEREST	8268 772201	73.11		
8 12	6.2500 CONTINENTAL BANK 08.01.8				
	FIDUCIARY DEPOSIT	14000- 8269 561008A		14 000.00	192 720.56-
11 12	7.0000 COSFIN BV				
	REDEMPTION	50000+ 4436 741COS5	50 000.00		
11 12	JCOS5 INT FROM 1/11/86	4436 772301	393.15		142 327.41-
12 12	OUNCES - GOLD				
	SALE	100+ 8374 062PDGL	39 025.00		103 302.41-
15 12	6.2500 CONTINENTAL BANK 08.01.8				
	REDEMPTION	14000+ 8327 561008A	14 000.00		
15 12	INTEREST	8327 772201	17.01		
15 12	14.7500 UNION CARBIDE				
	SALE	250000+ 8356 271UNCA	257 500.00		
15 12	14.7500 UNION CARBIDE				
	CREDIT INTEREST	250000+ 8356 271UNCA	23 354.17		191 568.77
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	SALE	154000+ 8325 081PRU	157 657.50		
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	CREDIT INTEREST	154000+ 8325 081PRU	4 807.15		
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	1000+14101 14CITN	37 762.70		391 796.12
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	SALE	750000+27082 271AMSA	790 312.50		
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	CREDIT INTEREST	750000+27082 271AMSA	64 500.00		
19 12	12.8750 TEXACO CAPITAL INC				
	SALE	90000+27083 271TEXA	91 350.00		
19 12	12.8750 TEXACO CAPITAL INC				
	CREDIT INTEREST	90000+27083 271TEXA	3 476.25		
19 12	1.0870 S.N.C.F. PART.PAID 15797				
	SALE	50000+27084 271SNCF	5 562.50		
19 12	1.0870 S.N.C.F. PART.PAID 15797				
	CREDIT INTEREST	50000+27084 271SNCF	141.98		
19 12	NEW ENGLAND LIFE MORTAGE				
	SALE	470000+27085 271NEWE	156 275.00		

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT		(SUITE)				
19 12	8.1250 B O C. GROUP PLC						
	SALE	100000+27090	27JBOC		95 750.00		
19 12	8.1250 B.O.C. GROUP PLC						
	CREDIT INTEREST	100000+27090	27JBOC		4 852.43		
19 12	12.0000 GENERAL ELECTRIC						
	SALE	250000+27096	27JGE		286 875.00		
19 12	12.0000 GENERAL ELECTRIC						
	CREDIT INTEREST	250000+27096	27JGE		2 833.33		1 893 725.11
23 12	MKF/US$ AT 4.909	8418	101001	187 500.00+	38 195.15		
23 12	MGT FEES 4TH QUARTER 86	8428	101001			3 711.21	1 928 209.05
30 12	6.4375 CIBC CERTIFICATES DEPOSI						
	PURCHASE	2127000-	8475	08JCD		2 127 000.00	
30 12	RBT DEPOSIT CIBC GENEVA	8480	570001		200 942.96		
30 12	ADJ. ON INT.	8480	570001			0.50	2 151.51
	TRANSACT. & BALANCE	1637000-		25 178.56-	7 232 671.94	7 230 520.43	2 151.51
600012	****** CASH ACCOUNT		MFK				
25 11	MKF/US$ AT 20.455	22026	101012	43 503.40+	212 678.56		
25 11	POHJOLA (NEWS) B						
	PURCHASE	2500-22026	22POHJ			212 678.56	0.00
22 12	POHJOLA (NEWS) B						
	SALE	2500+22030	22POHJ		187 500.00		187 500.00
23 12	MKF/US$ AT 4.909	8418	101012	38 195.15-		187 500.00	0.00
	TRANSACT. & BALANCE			5 308.25+	400 178.56	400 178.56	0.00
70001	****** BLOCKED DEPOSIT ACCOUNT		US$				
28 11	DEPOSIT CIBC 5.375%	8056	5600001		200 000.00		200 000.00
30 12	INT. CIBC 5.375% FM 28.11. TO 30.	8480	772201		942.46		
30 12	RBT DEPOSIT CIBC GENEVA	8480	5600001			200 942.96	
30 12	ADJ. ON INT.	8480	5600001		0.50		0.00

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CSF INVESTMENTS LTD.
HAMILTON BERMUDA

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
570001	BLOCKED DEPOSIT ACCOUNT		(SUITE)			
	TRANSACT. & BALANCE			200 942.96	200 942.96	0.00

03005

CSF INVESTMENTS LTD.
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224 AH/SUB A/C # 1
LEDGER

FROM 01 01 86 TO 31 12 86

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A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES	US$			

03006

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4224 AH/SUB A/C # 1 87 01 28 PAGE 15
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7	CHARGES		(SUITE)			
7	****** INCOME		US$			
					# 03007	
760601	****** REAL. GAINS/LOSSES - R.N.B.		US$			
12 12	OUNCES - GOLD					
	GAIN	06ZPDGL			225 00	225 00-
	TRANSACT. & BALANCE			0 00	225 00	225 00-
760801	****** REAL. GAINS/LOSSES - CIBC		US$			
4 9	7.5000 SASKATCHEWAN					
	GAIN	08J5ASK			1 687 50	1 687 50-
17 12	7.7500 PRUDENTIAL FUNDING CO					
	GAIN	08JPRU			4 620 00	6 307 50-
	TRANSACT. & BALANCE			0 00	6 307 50	6 307 50-
761401	****** REAL. GAINS/LOSSES - BEAR STEARNS		US$			
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS	[illegible]		75 33		75 33
	TRANSACT. & BALANCE			75 33	0 00	75 33
762212	****** REAL. GAINS/LOSSES - MORGAN STANLEY MFR					
22 12	POHJOLA (NEWS) B					
	LOSS	22POHJ		25 178 56		25 178 56
	TRANSACT. & BALANCE			25 178 56	0 00	25 178 56

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
				# 05008	
62401	****** REAL GAINS/LOSSES - BEAR STEARNS US$				
	TRANSACT & BALANCE		0 00	0 00	0.00
62701	****** REAL GAINS/LOSSES - STRAUSS TURNBU US$				
15 12	14.7500 UNION CARBIDE				
	LOSS	27JUNCA	1 250 00		1 250.00
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	LOSS	27JAMSA	937.50		
19 12	1.0870 S.N.C.F. PART PAID 15/9/				
	LOSS	27JSNCF	1 187.50		
19 12	NEW ENGLAND LIFE MORTAGE				
	GAIN	27JNEWE		587 50	
19 12	8.1250 B.O.C. GROUP PLC				
	GAIN	27JBOC		3 500.00	
19 12	12.0000 GENERAL ELECTRIC				
	GAIN	27JGE		3 125.00	3 837.50-
	TRANSACT. & BALANCE		3 375 00	7 212.50	3 837.50-
71101	****** INTEREST EARNED ON BONDS US$				
16 6	12.8750 TEXACO CAPITAL INC				
	ACCRUED INT	90000+27056 5600001	9 173.44		
16 6	14.7500 UNION CARBIDE				
	ACCRUED INT	250000+27059 5600001	4 609.37		13 782.81
20 6	12.0000 GENERAL ELECTRIC				
	ACCRUED INT	250000+27057 5600001	17 916.67		31 699.48
23 6	12.0000 AMERICAN SAVINGS INT'L N				
	ACCRUED AINT	750000+27058 5600001	20 500.00		52 199.48
1 7	8.1250 B.O.C. GROUP PLC				
	ACCRUED INT	100000+27064 5600001	1 060.77		53 260.25
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	ACCRUED INTEREST	15400 8005 5600001	66.30		53 326.55

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS	(SUITE)			
1 9	12.8750 TEXACO CAPITAL INC				H 03039
	AMORT. BDS PREM.	7443 ■	1 350.00		
1 9	12.8750 TEXACO CAPITAL INC				
	CREDIT INTEREST	90000- 7443 5600001		11 587.50	43 089.05
4 9	7.5000 SASKATCHEWAN				
	ACCRUED INTEREST	150000- 8009 5600001		1 250.00	41 839.05
16 9	1.0870 S.N.C.F. PART.PAID 15797				
	ACCRUED INTEREST	50000+27076 5600001	1.51		41 840.56
15 11	12.0000 GENERAL ELECTRIC				
	INTEREST	250000- 8171 5600001		30 000.00	11 840.56
15 12	14.7500 UNION CARBIDE				
	CREDIT INTEREST	250000- 8356 5600001		23 354.17	11 513.61-
17 12	7.7500 PRUDENTIAL FUNDING CO				
	CREDIT INTEREST	154000- 8325 5600001		4 807.15	16 320.76-
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	CREDIT INTEREST	750000-27082 5600001		64 500.00	
19 12	12.8750 TEXACO CAPITAL INC				
	CREDIT INTEREST	90000-27083 5600001		3 476.25	
19 12	1.0870 S.N.C.F. PART.PAID 15797				
	CREDIT INTEREST	50000-27084 5600001		141.98	
19 12	8.1250 B.O.C. GROUP PLC				
	CREDIT INTEREST	100000-27090 5600001		4 852.43	
19 12	12.0000 GENERAL ELECTRIC				
	CREDIT INTEREST	250000-27096 5600001		2 833.33	92 124.75-
	TRANSACT. & BALANCE	490000-	54 678.06	146 802.81	92 124.75-
771212	■■■■■■ DIVIDENDS	MFK			
	TRANSACT. & BALANCE		0.00	0.00	0.00

.224 AH/SUB A/C # 1
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
72201	****** INTEREST EARNED ON FTD		US$			
3	3 CALL INT	5358	5600001		3 055 56	3 055 56-
4	4 CALL INT	6049	5600001		11 593 75	14 649 31-
6	4 CALL INT	6084	5600001		570 48	15 219 79-
2	4 CALL INT	6116	5600001		1 550 00	16 769 79-
9	6 INTEREST	6309	5600001		16 000 00	32 769 79-
6	6 CALL INT	6384	5600001		2 333 32	35 103 11-
8	6 CALL INT	6385	5600001		666 66	35 769 77-
0	6 CALL INT	6386	5600001		666 66	36 436 43-
4	6 CALL INT	6414	5600001		683 00	
4	6 CALL INT	6414	5600001		92 33	37 211 76-
6	7 CALL INTEREST	7084	5600001		1 114 67	38 326 43-
7	7 CALL INTEREST	7092	5600001		47 50	38 373 93-
2	7 CALL INTEREST	7118	5600001		209 55	38 583 48-
4	7 CALL INTEREST	7132	5600001		95 00	38 678 48-
7	10 CALL INTEREST	8029	5600001		25 89	38 704 37-
20	10 INTEREST	8040	5600001		778 25	39 482 62-
3	11 CALL INTEREST	8193	5600001		44 59	39 527 21-
20	11 INTEREST	8174	5600001		488 35	40 015 56-
8	12 INTEREST	8268	5600001		73 11	40 088 67-
15	12 INTEREST	8327	5600001		17 01	40 105 68-
30	12 INT. CIBC 5.375% FM 28.11. TO 30.	8480	570001		942 46	41 048 14-
	TRANSACT. & BALANCE			0.00	41 048 14	41 048 14-
72301	****** INCOME ON INVESTMENTS		US$			
7	11 INTEREST COS5 579-31/10/86	4203	5600001		536 99	536 99-
11	12 JCOS5 INT FROM 1/11/86	4436	5600001		393 15	930 14-
	TRANSACT. & BALANCE			0.00	930 14	930 14-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4224 AH/SUB. A/C # 1 87 01 28 PAGE 19
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
800	****** DEBTOR BY GUARANTEE		US$			H 0.00
800001	****** FORWAY DEBTOR GUARANTY		US$			
28 11	GUARANTY ISSUED	8056 801001		200 000.00		200 000.00
30 12	GUARANTY CANCELLED	8480 801001			200 000.00	0.00
	TRANSACT. & BALANCE			200 000.00	200 000.00	0.00
801	****** GUARANTEE FURNISHED		US$			
801001	****** CIBC GUARANTY FURNISHED		US$			
28 11	GUARANTY ISSUED	8056 800001			200 000.00	200 000.00-
30 12	GUARANTY CANCELLED	8480 800001		200 000.00		0.00
	TRANSACT. & BALANCE			200 000.00	200 000.00	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4224 AH/SUB A/C # 1 FROM 01 01 86 TO 31 12 86 87 01 28 PAGE 20
LEDGER

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
					H 05012	
9	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			15 708 215.84	15 708 215.84	0.00

4230 AH/SUB A/C # 2 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 1

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNTS		(SUITE)				
	****** CAPITAL		US$				
00001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1 1	BROUGHT FORWARD					2 000 000 00	2 000 000.00-
2 1	TRANSFER		101001		2 000 000 00		0.00
	TRANSACT & BALANCE				2 000 000.00	2 000 000 00	0.00
01001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD	390000-		78 557 14+	23 673 23		
1 1	1986 P/L NET BALANCE					75 582 53	51 909.30-
2 1	TRANSFER		100001			2 000 000 00	2 051 909 30-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 796.16		2 048 113.14-
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		1 282 91		2 046 830.23-
	TRANSACT. & BALANCE	390000-		78 557.14+	28 752.30	2 075 582.53	2 046 830.23-
01012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			16 561.74-		78 557.14	
1 1	1986 P/L. NET BALANCE				78 557.14		0.00
	TRANSACT. & BALANCE			16 561 74-	78 557.14	78 557.14	0.00

03013

669

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES			US$			
515301	****** LOANS RECEIVABLE			US$			
	TRANSACT. & BALANCE				0.00	0.00	0.00
525601	****** FID DEPOSIT - CONTINENTAL BANK			US$			
	TRANSACT & BALANCE				0 00	0.00	0 00
526101	****** FID DEPOSIT - R N B.			US$			
	TRANSACT & BALANCE				0 00	0.00	0.00
526601	****** FID DEPOSIT - CREDIT SUISSE			US$			
	TRANSACT & BALANCE				0 00	0 00	0.00
550601	****** SECURITIES - R N B			US$			
	TRANSACT & BALANCE				0 00	0.00	0 00
550801	****** SECURITIES - CAN IMP. BK OF COMMER			US$			
1 1 8 1	BROUGHT FORWARD	2037000+			2 037 000.00		2 037 000.00
8 1	SALE	2037000-	8475 5600001			2 037 000.00	
8 1	INTEREST TO 30 03 87 AT 0 437		8475 5600001			2 005.17	
	REVERSAL		8475 5600001		2 005 17		0 00
	TRANSACT & BALANCE				2 039 005 17	2 039 005 17	0 00

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
51801	****** SECURITIES - MERRILL LYNCH	US$				
				H 03016		
8 1	6 0000 EURO-CD TORONTO DOMINION					
	PURCHASE	2030000+18001 5600001		2 030 000 00		2 030 000 00
8 4	6 0000 EURO-CD TORONTO DOMINION					
	REDEMPTION	2030000-18002 5600001			2 030 000 00	
8 4	6 2500 MERRILL LYNCH 8/5/87					
	FIDUCIARY DEPOSIT	2060450+18003 5600001		2 060 450 00		2 060 450 00
8 5	6 8750 MERRILL LYNCH 8/7/87					
	FIDUCIARY DEPOSIT	2071181+18005 5600001		2 071 181 00		
8 5	6 2500 MERRILL LYNCH 8/5/87					
	REDEMPTION	2060450-18004 5600001			2 060 450 00	2 071 181 00
	TRANSACT & BALANCE	2071181+		6 161 631 00	4 090 450 00	2 071 181 00
52212	****** SECURITIES - MORGAN STANLEY	MFK				
	TRANSACT & BALANCE			0 00	0 00	0 00
52701	****** SECURITIES - STRAUSS TURNBULL	US$				
	TRANSACT & BALANCE			0 00	0 00	0 00
56601	****** FID DEPOSIT - CREDIT SUISSE	US$				
	TRANSACT & BALANCE			0 00	0 00	0 00
600001	****** CASH ACCOUNT	US$				
1 1	BROUGHT FORWARD 143000+		78 557 14-	14 909 30		14 909 30
8 1						
	SALE	2037000+ 8475 08JCD		2 037 000 00		
8 1						
	INTEREST FM 30 1286 TO 08 01	8475 08JCD		3 278 29		
8 1						

4230 AH/SUB. A/C # 2 87 05 29 PAGE 5
LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)			
	INTEREST TO 30 03 87 AT 0.437	8475 08	JCD	2 005 17		
8 1	6 0000 EURO-CD TORONTO DOMINION					
	PURCHASE	2030000-18001	18 JCDTO		2 030 000 00	
8 1						
	REVERSAL	8475 08	JCD		2 005 17	
8 1						
	INTEREST TO 30 03 87 AT 0. 43	8475 08	JCD	2 005 17		27 192 76
30 1	MGT FEES 4TH QAURTER 1986	5001 101	001		3 796 16	23 396 60
8 4	6 0000 EURO-CD TORONTO DOMINION					
	REDEMPTION	2030000+18002	18 JCDTO	2 030 000 00		
8 4	6 0000 EURO-CD TORONTO DOMINION					
	INTEREST	2030000+18002	18 JCDTO	30 450 00		
8 4	6 2500 MERRILL LYNCH 8/5/87					
	FIDUCIARY DEPOSIT	2060450-18003	18 J128A		2 060 450 00	23 396 60
21 4	MGT FEES 1ST QUARTER 1987	6001 101	001		1 282 91	22 113 69
8 5	6 8750 MERRILL LYNCH 8/7/87					
	FIDUCIARY DEPOSIT	2071181-18005	18 J189A		2 071 181 00	
8 5	6 2500 MERRILL LYNCH 8/5/87					
	REDEMPTION	2060450+18004	18 J128A	2 060 450 00		
8 5	CREDIT INTEREST	2060450+18004	772201	10 731 52		22 114 21
	TRANSACT & BALANCE	4199269+	78 557 14-	6 190 829 45	6 168 715 24	22 114 21
5600012	****** CASH ACCOUNT		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
570001	****** BLOCKED DEPOSIT ACCOUNT		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

H 05017

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE

H 03018

4230 AH/SUB A/C # 2 LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 7

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$			
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

H 05019

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
/	****** INCOME		US$			
/60601	****** REAL GAINS/LOSSES - R.N.B.		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/60801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/62212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0.00	0.00	0.00
/62701	****** REAL GAINS/LOSSES - STRAUSS TURNBU		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00
/71101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 1286 TO 08 01	8475 5600001			3 278.29	
8 1	INTEREST TO 30 03.87 AT 0. 43	8475 5600001			2 005.17	5 283.46-
8 4	6.0000 EURO-CD TORONTO DOMINION INTEREST	2030000-18002	5600001		30 450 00	35 733.46-
	TRANSACT. & BALANCE	2030000-		0.00	35 733.46	35 733.46-

II 03020

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
771212	****** DIVIDENDS		MFK				
	TRANSACT & BALANCE				0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$				
8 5	CREDIT INTEREST	2060450-18004	5600001			10 731 52	10 731 52
	TRANSACT & BALANCE	2060450-			0 00	10 731 52	10 731 52
80	****** CONTINGENT LIABILITIES		US$				
800	****** DEBTOR BY GUARANTEE		US$				
800001	****** REPUBLIC NATIONAL BANK, LUXEMBOURG		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00
801	****** GUARANTEE FURNISHED		US$				
801001	****** RAINBOW STAR (USA)		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00

4230 AH/SUB A/C # 2 LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 10

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS	US$			
	GRAND TOTALS		********** ********** 16 498 775 06	16 498 775 06	0.00

II 03022

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB A/C # 2 — 87 01 28 PAGE 1
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNTS		(SUITE)				
	****** CAPITAL		US$				
00001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
20 6	NEW FUNDS	6332	5600001			2 000 000 00	2 000 000.00-
	TRANSACT. & BALANCE				0.00	2 000 000.00	2 000 000.00-
01001	****** CAPITAL INVESTED		US$				
30 7 6	1250 CALL CREDIT SUISSE						
	ADJ QTY	390000-	663000K		0.00		0.00
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		3 759.98		3 759.98
25 11	MKF/US$ AT 20.455	22026	5600001	663 557.14+	135 730.61		139 490.59
23 12	MKF/US$ AT 4.909	8418	5600001	585 000.00-		119 168.87	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		3 351.51		23 673.23
	TRANSACT & BALANCE	390000-		78 557.14+	142 842.10	119 168.87	23 673.23
01012	****** CAPITAL INVESTED		MFK				
25 11	MKF/US$ AT 20.455	22026	5600012	135 730.61-		663 557.14	663 557.14-
23 12	MKF/US$ AT 4.909	8418	5600012	119 168.87+	585 000.00		78 557.14-
	TRANSACT. & BALANCE			16 561.74-	585 000.00	663 557.14	78 557.14-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB A/C # 2 87 01 28 PAGE 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
						H 03024

4230 AH/SUB. A/C # 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5	▮▮▮▮▮▮ ASSETS & LIABILITIES		US$			
					H 03025	
515301	▮▮▮▮▮▮ LOANS RECEIVABLE		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00
525601	▮▮▮▮▮▮ FID. DEPOSIT - CONTINENTAL BANK		US$			
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	152000+ 8107 5600001		152 000.00		152 000.00
8 12	5.8750 CONTINENTAL BANK 08.12.8					
	REDEMPTION	152000- 8268 5600001			152 000.00	
8 12	6.2500 CONTINENTAL BANK 08.01.8					
	FIDUCIARY DEPOSIT	154044+ 8269 5600001		154 044.44		154 044.44
15 12	6.2500 CONTINENTAL BANK 08.01.8					
	REDEMPTION	154044- 8327 5600001			154 044.44	0.00
	TRANSACT. & BALANCE			306 044.44	306 044.44	0.00
526101	▮▮▮▮▮▮ FID. DEPOSIT - R.N.B.		US$			
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	500000+ 8200 5600001		500 000.00		
20 11	R.N.B. 22.12.86					
	REVERSAL	500000- 8200 5600001			500 000.00	
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	502441+ 8200 5600001		502 441.78		502 441.78
15 12	R.N.B. 22.12.86					
	REDEMPTION	502441- 8330 5600001			502 441.78	0.00
	TRANSACT. & BALANCE			1 002 441.78	1 002 441.78	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
28601	****** FID. DEPOSIT - CREDIT SUISSE	US$			H 03026	
18 6	6.1250 CALL CREDIT SUISSE					
	ON CALL	2000000+	6339 5600001	2 000 000.00		2 000 000.00
24 7	6.1250 CALL CREDIT SUISSE					
	OFF CALL	950000-	7107 5600001		950 000.00	1 050 000.00
30 7	6.1250 CALL CREDIT SUISSE					
	ADJ. QTY	390000+	101001	0.00		
30 7	6.1250 CALL CREDIT SUISSE					
	ON CALL		7125 5600001	390 000.00		1 440 000.00
5 9	6.1875 CREDIT SUISSE 05.11.86					
	FIDUCIARY DEPOSIT	140000+	8017 5600001	140 000.00		1 580 000.00
24 9	6.1250 CALL CREDIT SUISSE					
	OFF CALL	700000-	7416 5600001		700 000.00	880 000.00
5 11	6.1875 CREDIT SUISSE 05.11.86					
	REDEMPTION	140000-	8102 5600001		140 000.00	740 000.00
12 11	6.1250 CALL CREDIT SUISSE					
	OFF CALL	740000-	8151 5600001		740 000.00	0.00
	TRANSACT. & BALANCE			2 530 000.00	2 530 000.00	0.00
50601	****** SECURITIES - R.N.B.	US$				
21 11	OUNCES - GOLD					
	PURCHASE	250+	8258 5600001	96 250.00		96 250.00
12 12	OUNCES - GOLD					
	SALE	250-	8374 5600001		97 562.50	
12 12	OUNCES - GOLD					
	GAIN		760601	1 312.50		0.00
	TRANSACT. & BALANCE			97 562.50	97 562.50	0.00

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
550801		****** SECURITIES - CAN. IMP. BK OF COMMER US$				11 03027	
24	7	7.7500 PRUDENTIAL FUNDING CO.					
		PURCHASE	200000+	8005 5600001	198 750.00		
24	7	7.5000 SASKATCHEWAN					
		PURCHASE	350000+	8006 5600001	345 187.50		543 937.50
4	9	7.5000 SASKATCHEWAN					
		SALE	350000-	8009 5600001		349 125.00	
4	9	7.5000 SASKATCHEWAN					
		GAIN		760801	3 937.50		198 750.00
17	12	7.7500 PRUDENTIAL FUNDING CO.					
		SALE	200000-	8325 5600001		204 750.00	
17	12	7.7500 PRUDENTIAL FUNDING CO.					
		GAIN		760801	6 000.00		0.00
30	12	8.4375 CIBC CERTIFICATES DEPOSI					
		PURCHASE	2037000+	8475 5600001	2 037 000.00		2 037 000.00
		TRANSACT. & BALANCE	2037000+		2 590 875.00	553 875.00	2 037 000.00
551801		****** SECURITIES - MERRILL LYNCH		US$			
		TRANSACT. & BALANCE			0.00	0.00	0.00
552212		****** SECURITIES - MORGAN STANLEY		MFK			
25	11	POHJOLA (NEWS) B					
		PURCHASE	7800+	22026 5600012	663 557.14		663 557.14
22	12	POHJOLA (NEWS) B					
		SALE	7800-	22030 5600012		585 000.00	
22	12	POHJOLA (NEWS) B					
		LOSS		762212		78 557.14	0.00
		TRANSACT. & BALANCE			663 557.14	663 557.14	0.00

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
52701	▮▮▮▮▮▮ SECURITIES - STRAUSS TURNBULL	US$				# 03028
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	PURCHASE	136500+27075	5600001	136 500.00		136 500.00
26 9	12.0000 BANK OF AMERICA					
	PURCHASE	100000+27077	5600001	101 000.00		237 500.00
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	SALE	1500- 8342	5600001		1 507.50	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	GAIN		762701	7.50		
19 12	12.0000 BANK OF AMERICA					
	SALE	100000-27089	5600001		101 000.00	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	SALE	135000-27093	5600001		135 675.00	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	GAIN		762701	675.00		0.00
	TRANSACT. & BALANCE			238 182.50	238 182.50	0.00
56601	▮▮▮▮▮▮ FID. DEPOSIT - CREDIT SUISSE	US$				
	TRANSACT. & BALANCE			0.00	0.00	0.00
600001	▮▮▮▮▮▮ CASH ACCOUNT	US$				
18 6	6.1250 CALL CREDIT SUISSE					
	ON CALL	2000000- 6339	661000K		2 000 000.00	2 000 000.00-
20 6	NEW FUNDS	6332	100001	2 000 000.00		
20 6	CALL INT.	6386	772201	666.66		666.66
24 6	CALL INT.	6414	772201	1 000.00		
24 6	CALL INT.	6414	772201	333.37		2 000.03
16 7	CALL INTEREST	7084	772201	7 333.33		9 333.36
17 7	CALL INTEREST	7092	772201	312.50		9 645.86
22 7	CALL INTEREST	7118	772201	1 378.68		11 024.54
24 7	7.7500 PRUDENTIAL FUNDING CO.					

A/C.			NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5800001			CASH ACCOUNT (SUITE)					
			PURCHASE	200000-	8005 08JPRU		198 750.00	# 03029
24	7		7.7500 PRUDENTIAL FUNDING CO.					
			ACCRUED INTEREST	200000-	8005 08JPRU		86.14	
24	7		7.5000 SASKATCHEWAN					
			PURCHASE	350000-	8006 08JSASK		345 187.50	
24	7		6.1250 CALL CREDIT SUISSE					
			OFF CALL	950000+	7107 66J000K	950 000.00		
24	7		CALL INTEREST		7132 772201	624.99		417 625.89
30	7		6.1250 CALL CREDIT SUISSE					
			ON CALL		7125 66J000K		390 000.00	
30	7		CALL INTEREST		7159 772201	984.38		28 610.27
7	8		CALL INTEREST		7205 772201	1 800.00		30 410.27
25	8		CALL INTEREST	1440000+	7276 772201	3 870.00		34 280.27
4	9		7.5000 SASKATCHEWAN					
			SALE	350000+	8009 08JSASK	349 125.00		
4	9		7.5000 SASKATCHEWAN					
			ACCRUED INTEREST	350000+	8009 08JSASK	2 916.67		386 321.94
5	9		6.1875 CREDIT SUISSE 05.11.86					
			FIDUCIARY DEPOSIT	140000-	8017 66J309A		140 000.00	246 321.94
10	9		9.0000 R.H.M. OVERSEAS FINANCE					
			PURCHASE	136500-	27075 27JRHM		136 500.00	
10	9		9.0000 R.H.M. OVERSEAS FINANCE					
			ACCRUED INTEREST	136500-	27075 27JRHM		853.12	108 968.82
24	9		6.1250 CALL CREDIT SUISSE					
			OFF CALL	700000+	7416 66J000K	700 000.00		808 968.82
26	9		TRANSFER TO BLOCKED DEPOSIT ACCOU		7416 #	700 000.00		
26	9		CANCEL ENTRY		570001		700 000.00	
26	9		BLOCK.DEP. AT 8% MAT 26.3.87	741600	570001		700 000.00	
26	9		12.0000 BANK OF AMERICA					
			PURCHASE	100000-	27077 27JBOA		101 000.00	
26	9		12.0000 BANK OF AMERICA					
			ACCRUED INTEREST	100000-	27077 27JBOA		5 366.66	2 602.16
14	10		CALL INTEREST		8047 772201	8 055.55		10 657.71
15	10		MGT FEES 3RD QUARTER 1986		8001 101001		3 759.98	6 897.73
5	11		INTEREST		8102 772201	1 349.20		
5	11		6.1875 CREDIT SUISSE 05.11.86					

4230 AH7SUB. A/C # 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT		(SUITE)			
	REDEMPTION	140000+ 8102 661309A		140 000.00	03030	148 246.93
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	152000- 8107 561342A			152 000.00	3 753.07-
12 11	6.1250 CALL CREDIT SUISSE					
	OFF CALL	740000+ 8151 661000K		740 000.00		
12 11	CALL INTEREST	8151 77ZZ01		2 906.04		739 152.97
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	500000- 8200 611356C			500 000.00	
20 11	R.N.B. 22.12.86					
	REVERSAL	500000+ 8200 611356C		500 000.00		
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	502441- 8200 611356C			502 441.78	236 711.19
21 11	OUNCES - GOLD					
	PURCHASE	250- 8258 06ZPDGL			96 250.00	140 461.19
25 11	MKF/US$ AT 20.455	22026 101001	663 557.14-		135 730.81	4 730.58
8 12	5.8750 CONTINENTAL BANK 08.12.8					
	REDEMPTION	152000+ 8268 561342A		152 000.00		
8 12	INTEREST	8268 77ZZ01		793.77		
8 12	6.2500 CONTINENTAL BANK 08.01.8					
	FIDUCIARY DEPOSIT	154044- 8269 561008A			154 044.44	3 479.91
12 12	OUNCES - GOLD					
	SALE	250+ 8374 06ZPDGL		97 562.50		101 042.41
15 12	6.2500 CONTINENTAL BANK 08.01.8					
	REDEMPTION	154044+ 8327 561008A		154 044.44		
15 12	INTEREST	8327 77ZZ01		187.20		
15 12	R.N.B. 22.12.86					
	REDEMPTION	502441+ 8330 611356C		502 441.78		
15 12	FTD 356C INT	8330 77ZZ01		2 057.94		759 773.77
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	SALE	200000+ 8325 083PRU		204 750.00		
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	CREDIT INTEREST	200000+ 8325 083PRU		6 243.06		970 766.83
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	SALE	1500+ 8342 27JRHM		1 507.50		
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	150[illegible] 8342 27JRHM		[illegible] 46.50		

4230 AH/SUB. A/C # 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5800001	CASH ACCOUNT		(SUITE)				
19 12	12.0000 BANK OF AMERICA						
	SALE	100000+27089	27JBOA		101 000.00		
19 12	12.0000 BANK OF AMERICA						# 03031
	CREDIT INTEREST	100000+27089	27JBOA		8 133.34		
19 12	9.0000 R.H.M. OVERSEAS FINANCE						
	SALE	135000+27093	27JRHM		135 675.00		
19 12	9.0000 R.H.M. OVERSEAS FINANCE						
	CREDIT INTEREST	135000+27093	27JRHM		4 185.00		1 221 314.17
23 12	MKF/US$ AT 4.909	8418	101001	585 000.00+	119 168.87		
23 12	MGT FEES 4TH QUARTER 86	8428	101001			3 351.51	1 337 131.53
30 12	6.4375 CIBC CERTIFICATES DEPOSI						
	PURCHASE	2037000- 8475	08JCD			2 037 000.00	
30 12	REDEMPTION	8481	570001		714 777.77		14 909.30
	TRANSACT. & BALANCE	143000+		78 557.14-	8 317 231.04	8 302 321.74	14 909.30
5800012	###### CASH ACCOUNT		MFK				
25 11	MKF/US$ AT 20.455	22026	101012	135 730.61+	663 557.14		
25 11	POHJOLA (NEWS) B						
	PURCHASE	7800-22026	22POHJ			663 557.14	0.00
22 12	POHJOLA (NEWS) B						
	SALE	7800+22030	22POHJ		585 000.00		585 000.00
23 12	MKF/US$ AT 4.909	8418	101012	119 168.87-		585 000.00	0.00
	TRANSACT. & BALANCE			16 561.74+	1 248 557.14	1 248 557.14	0.00
570001	###### BLOCKED DEPOSIT ACCOUNT		US$				
26 9	BLOCK.DEP. AT 8 % MAT. 26.03.87	7416	#5800001			700 000.00	
26 9	CANCEL ENTRY		5800001		700 000.00		
26 9	BLOCK.DEP. AT 8% MAT.26.3.87	741600	5800001		700 000.00		700 000.00
30 12	INT. DEPOSIT 8% FM 26.09.86	8481	772201		14 777.77		
30 12	REDEMPTION	8481	5800001			714 777.77	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB. A/C # 2 — 87 01 28 PAGE 10
LEDGER — FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
70001	BLOCKED DEPOSIT ACCOUNT	(SUITE)			
	TRANSACT. & BALANCE		1 414 777.77	1 414 777.77	0.00

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4230 AR/SUB. A/C # 2 87 01 28 PAGE 11
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6	[redacted] CHARGES		US$			
					# 03033	
673701	[redacted] BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

230 AH/SUB. A/C # 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	▮▮▮▮▮▮ INCOME		US$			
					H 03034	
60801	▮▮▮▮▮▮ REAL. GAINS/LOSSES - R.N.B.		US$			
12 12	OUNCES - GOLD					
	GAIN		06ZPDGL		1 312.50	1 312.50-
	TRANSACT. & BALANCE			0.00	1 312.50	1 312.50-
60801	▮▮▮▮▮▮ REAL. GAINS/LOSSES - CIBC		US$			
4 9	7.5000 SASKATCHEWAN					
	GAIN		08JSASK		3 937.50	3 937.50-
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	GAIN		08JPRU		6 000.00	9 937.50-
	TRANSACT. & BALANCE			0.00	9 937.50	9 937.50-
62212	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY MFK					
22 12	POHJOLA (NEWS) B					
	LOSS		22POHJ	78 557.14		78 557.14
	TRANSACT. & BALANCE			78 557.14	0.00	78 557.14
62701	▮▮▮▮▮▮ REAL. GAINS/LOSSES - STRAUSS TURNBU		US$			
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	GAIN		27JRHM		7.50	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	GAIN		27JRHM		675.00	682.50-

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
762701	REAL. GAINS/LOSSES - STRAUSS TU	(SUITE)				
	TRANSACT. & BALANCE			0.00	682.50	682.50-
771101	****** INTEREST EARNED ON BONDS	US$			# 03035	
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	ACCRUED INTEREST	200000+ 8005	5600001	86.14		86.14
4 9	7.5000 SASKATCHEWAN					
	ACCRUED INTEREST	350000- 8009	5600001		2 916.67	2 830.53-
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	ACCRUED INTEREST	136500+27075	5600001	853.12		1 977.41-
26 9	12.0000 BANK OF AMERICA					
	ACCRUED INTEREST	100000+27077	5600001	5 366.66		3 389.25
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	CREDIT INTEREST	200000- 8325	5600001		6 243.06	2 853.81-
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	1500- 8342	5600001		46.50	
19 12	12.0000 BANK OF AMERICA					
	CREDIT INTEREST	100000-27089	5600001		8 133.34	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	135000-27093	5600001		4 185.00	15 218.65-
	TRANSACT. & BALANCE	350000-		6 305.92	21 524.57	15 218.65-
771212	****** DIVIDENDS	MFK				
	TRANSACT. & BALANCE			0.00	0.00	0.00
772201	****** INTEREST EARNED ON FTD	US$				
20 6	CALL INT.	6386	5600001		666.66	666.66-
24 6	CALL INT.	6414	5600001		1 000.00	
24 6	CALL INT.	6414	5600001		333.37	2 000.03-
16 7	CALL INTEREST	7084	5600001		7 333.33	9 333.36-
17 7	CALL INTEREST	7092	5600001		312.50	9 645.86-

4230 AH/SUB. A/C # 2
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
72201	INTEREST EARNED ON FTD		(SUITE)			
22 7	CALL INTEREST	7118	5600001		1 378.68	11 024.54-
24 7	CALL INTEREST	7132	5600001		624.99	11 649.53-
30 7	CALL INTEREST	7159	5600001		984.38	12 633.91-
7 8	CALL INTEREST	7205	5600001		1 800.00	14 433.91-
25 8	CALL INTEREST 1440000-	7276	5600001		3 870.00	18 303.91-
14 10	CALL INTEREST	8047	5600001		8 055.55	26 359.46-
5 11	INTEREST	8102	5600001		1 349.20	27 708.66-
12 11	CALL INTEREST	8151	5600001		2 906.04	30 614.70-
8 12	INTEREST	8268	5600001		793.77	31 408.47-
15 12	INTEREST	8327	5600001		187.20	
15 12	FTD 356C INT	8330	5600001		2 057.94	33 653.61-
30 12	INT. DEPOSIT 8% FM 26.09.86	8481	570001		14 777.77	48 431.38-
	TRANSACT. & BALANCE 1440000-			0.00	48 431.38	48 431.38-
0	****** CONTINGENT LIABILITIES		US$			
00	****** DEBTOR BY GUARANTEE		US$			
00001	****** REPUBLIC NATIONAL BANK, LUXEMBOURG		US$			
26 9	GUARANTEE	7416	801001	700 000.00		700 000.00
30 12	GUARANTY CANCELLED	8481	801001		700 000.00	0.00
	TRANSACT. & BALANCE			700 000.00	700 000.00	0.00
01	****** GUARANTEE FURNISHED		US$			
01001	****** RAINBOW STAR (USA)		US$			
26 9	GUARANTEE	7416	800001		700 000.00	700 000.00-

#03036

CSF INVESTMENTS LTD.

4230 AH/SUB. A/C # 2 87 01 28 PAGE 15
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
801001	RAINBOW STAR (USA)		(SUITE)		# 03037	
30 12	GUARANTY CANCELLED	8481	800001	700 000.00		0.00
	TRANSACT. & BALANCE			700 000.00	700 000.00	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 A/C/SUB A/C # 2 87 01 28 PAGE 16
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
					# 03038	
9	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			**********	**********	
				20 621 934.47	20 621 934.47	0.00
				**********	**********	

4231 AH/SUB. A/C # 3 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 1

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9		TRANSIT ACCOUNTS		(SUITE)			
1		****** CAPITAL		US$		# 03039	
100001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$			
1	1	BROUGHT FORWARD					
2	1	TRANSFER		101001	200 000.00	200 000 00	200 000.00- 0.00
		TRANSACT. & BALANCE			200 000 00	200 000 00	0 00
101001		****** CAPITAL INVESTED		US$			
1	1	BROUGHT FORWARD			50 769.06		
1	1	1986 P/L. NET BALANCE				7 915 18	42 853.88
2	1	TRANSFER		100001		200 000.00	157 146.12
30	1	MGT FEES 4TH QAURTER 1986	5001	5600001	388.64		156 757.48
21	4	MGT FEES 1ST QUARTER 1987	6001	5600001	98.22		156 659.26
		TRANSACT. & BALANCE			51 255 92	207 915 18	156 659.26
101012		****** CAPITAL INVESTED		MFK			
		TRANSACT. & BALANCE			0 00	0 00	0 00

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES		US$			
526101	****** FID DEPOSIT - RNB		US$			
	TRANSACT & BALANCE			0 00	0 00	0.00
526601	****** FID DEPOSIT - CREDIT SUISSE		US$			
	TRANSACT & BALANCE			0 00	0 00	0.00
550601	****** SECURITIES - R N B		US$			
	TRANSACT & BALANCE			0 00	0 00	0.00
550801	****** SECURITIES - CAN IMP BK OF COMMER		US$			
1 1 8 1	BROUGHT FORWARD	157000+		157 000 00		157 000 00
	SALE	157000- 8475 5600001			157 000.00	
8 1	INTEREST TO 30 03 87 AT 0 437	8475 5600001			154 55	
8 1	REVERSAL	8475 5600001		154.55		0.00
	TRANSACT & BALANCE			157 154 55	157 154.55	0.00
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0.00	0 00	0.00

H 03040

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
551801	****** SECURITIES - MERRILL LYNCH	US$			H 03041	
8 1	6.0000 EURO-CD TORONTO DOMINION					
	PURCHASE	155000+18001	5600001	155 000.00		155 000.00
8 4	6.0000 EURO-CD TORONTO DOMINION					
	REDEMPTION	155000-18002	5600001		155 000.00	
8 4	6.2500 MERRILL LYNCH 8/5/87					
	FIDUCIARY DEPOSIT	157325+18003	5600001	157 325.00		157 325.00
8 5	6.8750 MERRILL LYNCH 8/7/87					
	FIDUCIARY DEPOSIT	158144+18005	5600001	158 144.00		
8 5	6.2500 MERRILL LYNCH 8/5/87					
	REDEMPTION	157325-18004	5600001		157 325.00	158 144.00
	TRANSACT. & BALANCE	158144+		470 469.00	312 325.00	158 144.00
552212	****** SECURITIES - MORGAN STANLEY	MFK				
	TRANSACT. & BALANCE			0.00	0.00	0.00
556601	****** FID. DEPOSIT - CREDIT SUISSE	US$				
	TRANSACT & BALANCE			0.00	0.00	0.00
5600001	****** CASH ACCOUNT	US$				
1 1	BROUGHT FORWARD	77000-		146.12		146.12
8 1						
	SALE	157000+	8475 08JCD	157 000.00		
8 1						
	INTEREST FM 30 1286 TO 08 01		8475 08JCD	252.68		
8 1						
	INTEREST TO 30 03 87 AT 0 437		8475 08JCD	154.55		
8 1	6.0000 EURO-CD TORONTO DOMINION					
	PURCHASE	155000-18001	18JCDTO		155 000.00	
8 1						

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
	REVERSAL	8475 08JCD		154 55	
8 1					
	INTEREST TO 30 03 87 AT 0. 43	8475 08JCD	154 55		2 553 35
30 1	MGT FEES 4TH QAURTER 1986	5001 101001		388 64	2 164 71
8 4	6 0000 EURO-CD TORONTO DOMINION				
	REDEMPTION	155000+18002 18JCDTO	155 000 00		
8 4	6 0000 EURO-CD TORONTO DOMINION				
	INTEREST	155000+18002 18JCDTO	2 325 00		
8 4	6 2500 MERRILL LYNCH 8/5/87				
	FIDUCIARY DEPOSIT	157325-18003 18J128A		157 325 00	2 164 71
21 4	MGT FEES 1ST QUARTER 1987	6001 101001		98 22	2 066 49
8 5	6 8750 MERRILL LYNCH 8/7/87				
	FIDUCIARY DEPOSIT	158144-18005 18J189A		158 144 00	
8 5	6 2500 MERRILL LYNCH 8/5/87				
	REDEMPTION	157325+18004 18J128A	157 325 00		
8 5	CREDIT INTEREST	157325+18004 772201	819 40		2 066 89
	TRANSACT & BALANCE	234181+	473 177 30	471 110 41	2 066 89
600012	****** CASH ACCOUNT	MFK			
	TRANSACT & BALANCE		0 00	0 00	0 00

H 03042

4231 AH/SUB. A/C # 3 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 5

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$		H 03043	
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

669

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
60601	****** REAL GAINS/LOSSES - R N B		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
60801	****** REAL GAINS/LOSSES - CIBC		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
61401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
62212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0 00	0 00	0 00
71101	****** INTEREST EARNED ON BONDS		US$			
8 1	INTEREST FM 30 1286 TO 08 01	8475 5600001			252 68	
8 1	INTEREST TO 30 03 87 AT 0, 43	8475 5600001			154 55	407 23-
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	155000-18002 5600001			2 325 00	2 732 23-
	TRANSACT. & BALANCE	155000-		0 00	2 732 23	2 732 23-

H 02044

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			********** 1 352 056 77	********** 1 352 056 77	0 00

H 03045

4231 AH/SUB A/C # 3 LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 7

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
771212	****** DIVIDENDS		MFK		H 03046	
	TRANSACT & BALANCE			0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	157325-18004 5600001			819 40	819 40
	TRANSACT & BALANCE	157325-		0 00	819 40	819 40

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4231 AH/SUB. A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
1	****** CAPITAL		US$			
					H 03047	
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$			
20 6	NEW FUNDS	6332	5600001		200 000 00	200 000 00
	TRANSACT. & BALANCE			0 00	200 000 00	200 000 00
101001	****** CAPITAL INVESTED		US$			
17 6	TR TO AMERICAN SEC./SHARP.GREEN	6366	5600001	25 000 00		
17 6	TR TO RIGGS NTL / SHARP. GREEN	6366	5600001	25 000 00		50 000 00
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001	379 94		50 379 94
23 12	MGT FEES 4TH QUARTER 86	8428	5600001	389 12		50 769 06
	TRANSACT. & BALANCE			50 769 06	0 00	50 769 06
101012	****** CAPITAL INVESTED		MFK			
	TRANSACT. & BALANCE			0 00	0 00	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES		US$			
526101	****** FID. DEPOSIT - RNB		US$			
5 9	6.3125 R.N.B. 20/10/86					
	FIDUCIARY DEPOSIT	80000+ 8018 5600001		80 000 00		80 000 00
20 10	6.3125 R.N.B. 20/10/86					
	REDEMPTION	80000- 8040 5600001			80 000 00	
20 10	R.N.B. 20 11 86					
	FIDUCIARY DEPOSIT	80000+ 8041 5600001		80 000 00		80 000 00
20 11	R.N.B. 20.11.86					
	REDEMPTION	80000- 8174 5600001			80 000 00	0 00
	TRANSACT. & BALANCE			160 000 00	160 000 00	0 00
526601	****** FID. DEPOSIT - CREDIT SUISSE		US$			
18 6	6.1250 CALL CREDIT SUISSE					
	ON CALL	200000+ 6339 5600001		200 000 00		200 000 00
23 6	6.1250 CALL CREDIT SUISSE					
	OFF CALL	50000- 6374 5600001			50 000 00	150 000 00
24 7	6.1250 CALL CREDIT SUISSE					
	OFF CALL	150000- 7107 5600001			150 000 00	0 00
	TRANSACT. & BALANCE			200 000 00	200 000 00	0 00
550601	****** SECURITIES - R.N.B.		US$			
19 11	OUNCES - GOLD					
	PURCHASE	100+ 8258 5600001		38 800 00		38 800 00
12 12	OUNCES - GOLD					
	SALE	100- 8376 5600001			39 025 00	
12 12	OUNCES - GOLD					

H 03048

CSF INVESTMENTS LTD
HAMILTON, BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
550601	SECURITIES - R N B (SUITE)				
	GAIN	760601	225 00		0 00
	TRANSACT. & BALANCE		39 025 00	39 025 00	0 00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER US$				
24 7	7 7500 PRUDENTIAL FUNDING CO				
	PURCHASE	70000+ 8005 5600001	69 562 50		
24 7	7 5000 SASKATCHEWAN				
	PURCHASE	80000+ 8006 5600001	78 900 00		148 462 50
4 9	7 5000 SASKATCHEWAN				
	SALE	80000- 8009 5600001		79 800 00	
4 9	7 5000 SASKATCHEWAN				
	GAIN	760801	900 00		69 562 50
17 12	7 7500 PRUDENTIAL FUNDING CO				
	SALE	70000- 8325 5600001		71 662 50	
17 12	7 7500 PRUDENTIAL FUNDING CO				
	GAIN	760801	2 100 00		0 00
30 12	6 4375 CIBC CERTIFICATES DEPOSI				
	PURCHASE	157000+ 8475 5600001	157 000 00		157 000 00
	TRANSACT. & BALANCE	157000+	308 462 50	151 462 50	157 000 00
551401	****** SECURITIES - BEAR STEARNS US$				
12 11	CITIZENS FINANCIAL GROUP INC				
	PURCHASE	800+14100 5600001	30 270 41		30 270 41
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	800-14101 5600001		30 210 32	
17 12	CITIZENS FINANCIAL GROUP INC				
	LOSS	761401		60 09	0 00
	TRANSACT. & BALANCE		30 270 41	30 270 41	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C.		NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
551801		****** SECURITIES - MERRILL LYNCH		US$			
		TRANSACT. & BALANCE			0.00	0.00	0.00
552212		****** SECURITIES - MORGAN STANLEY		MFK			
		TRANSACT. & BALANCE			0.00	0.00	0.00
556601		****** FID. DEPOSIT - CREDIT SUISSE		US$			
		TRANSACT. & BALANCE			0.00	0.00	0.00
5600001		****** CASH ACCOUNT		US$			
17	6	TR TO AMERICAN SEC./SHARP.GREEN	6366	101001		25 000.00	
17	6	TR TO RIGGS NTL / SHARP. GREEN	6366	101001		25 000.00	50 000.00-
18	6	6.1250 CALL CREDIT SUISSE ON CALL 200000-	6339	661000K		200 000.00	250 000.00-
20	6	NEW FUNDS	6332	100001	200 000.00		
20	6	CALL INT.	6386	772201	66.68		49 933.32-
23	6	6.1250 CALL CREDIT SUISSE OFF CALL 50000+	6374	661000K	50 000.00		66.68
24	6	CALL INT.	6414	772201	100.00		
24	6	CALL INT.	6414	772201	24.99		191.67
16	7	CALL INTEREST	7084	772201	550.00		741.67
17	7	CALL INTEREST	7092	772201	23.44		765.11
22	7	CALL INTEREST	7118	772201	103.40		868.51
24	7	7.7500 PRUDENTIAL FUNDING CO. PURCHASE 70000-	8005	083PRU		69 562.50	
24	7	7.7500 PRUDENTIAL FUNDING CO. ACCRUED INTEREST 70000-	8005	083PRU		30.13	
24	7	7.5000 SASKATCHEWAN PURCHASE 80000-	8006	083SASK		78 900.00	
24	7	6.1250 CALL CREDIT SUISSE OFF CALL 150000+	7107	661000K	150 000.00		
24	7	CALL INTEREST	7132	772201	46.88		2 422.76

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)					
4 9	7.5000 SASKATCHEWAN					
	SALE	80000+ 8009	081SASK	79 800 00		
4 9	7.5000 SASKATCHEWAN					
	ACCRUED INTEREST	80000+ 8009	081SASK	666 67		82 889 63
5 9	6.3125 R.N.B. 20/10/86					
	FIDUCIARY DEPOSIT	80000- 8018	611293A		80 000 00	2 889 63
15 10	MGT FEES 3RD QUARTER 1986	8001	101001		379 94	2 509 69
20 10	6.3125 R.N.B. 20/10/86					
	REDEMPTION	80000+ 8040	611293A	80 000 00		
20 10	INTEREST	8040	772201	622 60		
20 10	R.N.B. 20.11.86					
	FIDUCIARY DEPOSIT	80000- 8041	611324B		80 000 00	3 132 09
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	800-14100	14CITN		30 270 41	27 138 32-
19 11	OUNCES - GOLD					
	PURCHASE	100- 8258	06ZPDGL		38 800 00	65 938 32-
20 11	R.N.B. 20.11.86					
	REDEMPTION	80000+ 8174	611324B	80 000 00		
20 11	INTEREST	8174	772201	390 68		14 452 36
12 12	OUNCES - GOLD					
	SALE	100+ 8374	06ZPDGL	39 025 00		53 477 36
17 12	7.7500 PRUDENTIAL FUNDING CO					
	SALE	70000+ 8325	081PRU	71 662 50		
17 12	7.7500 PRUDENTIAL FUNDING CO					
	CREDIT INTEREST	70000+ 8325	081PRU	2 185 06		
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	800+14101	14CITN	30 210 32		157 535 24
23 12	MGT FEES 4TH QUARTER 86	8428	101001		389 12	157 146 12
30 12	6.4375 CIBC CERTIFICATES DEPOSI					
	PURCHASE	157000- 8475	081CD		157 000 00	146 12
	TRANSACT & BALANCE	77000-		785 478 22	785 332 10	146 12

H 03051

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

6231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600012	****** CASH ACCOUNT		MFK		H 03052	
	TRANSACT & BALANCE			0.00	0.00	0.00

4231 AW/SUB. A/C # 3
LEDGER

FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD
HAMILTON, BERMUDA

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$		H 03053	
673701	****** BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

03054

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
760601	****** REAL GAINS/LOSSES - R N B		US$			
12 12	OUNCES - GOLD					
	GAIN	06ZPDGL			225 00	225 00-
	TRANSACT & BALANCE			0 00	225 00	225 00-
760801	****** REAL GAINS/LOSSES - CIBC		US$			
4 9	7 5000 SASKATCHEWAN					
	GAIN	08JSASK			900 00	900 00-
17 12	7 7500 PRUDENTIAL FUNDING CO					
	GAIN	08JPRU			2 100 00	3 000 00-
	TRANSACT & BALANCE			0 00	3 000 00	3 000 00-
761601	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS	14CITN		60 09		60 09
	TRANSACT & BALANCE			60 09	0 00	60 09
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0 00	0 00	0 00

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CSF INVESTMENTS LTD
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
771101	****** INTEREST EARNED ON BONDS		US$			
					# 03055	
24 7	7 7500 PRUDENTIAL FUNDING CO					
	ACCRUED INTEREST	70000+	8005 5600001	30 13		30 13
4 9	7 5000 SASKATCHEWAN					
	ACCRUED INTEREST	80000-	8009 5600001		666 67	636 54
17 12	7 7500 PRUDENTIAL FUNDING CO					
	CREDIT INTEREST	70000-	8325 5600001		2 185 06	2 821 60
	TRANSACT & BALANCE	80000-		30 13	2 851 73	2 821 60
771212	******* DIVIDENDS		MEK			
	TRANSACT & BALANCE			0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$			
20 6	CALL INT		6386 5600001		66 68	66 68
24 6	CALL INT		6614 5600001		100 00	
24 6	CALL INT		6414 5600001		24 99	191 67
16 7	CALL INTEREST		7084 5600001		550 00	741 67
17 7	CALL INTEREST		7092 5600001		23 44	765 11
22 7	CALL INTEREST		7118 5600001		103 40	868 51
24 7	CALL INTEREST		7132 5600001		46 88	915 39
20 10	INTEREST		8040 5600001		622 60	1 537 99
20 11	INTEREST		8174 5600001		390 68	1 928 67
	TRANSACT & BALANCE			0 00	1 928 67	1 928 67

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4231 AH/SUB. A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

H 03056

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4231 AH/SUB A/C # 3
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
9	▮▮▮▮▮▮ TRANSIT ACCOUNTS		US$			
	GRAND TOTALS			1 574 095 41	1 574 095 41	0 00

03057

4201 KOREL ASSETS 87 05 29 PAGE 1
LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
9	TRANSIT ACCOUNTS		(SUITE)				
1	****** CAPITAL		US$				
100000	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		FS			H 03058	
1 1	BROUGHT FORWARD				8 000 00		8 000 00
2 1	TRANSFER		101000			8 000 00	0 00
	TRANSACT & BALANCE				8 000 00	8 000 00	0.00
100001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1 1	BROUGHT FORWARD					562 775 03	562 775.03
2 1	TRANSFER		101001		562 775 03		0 00
	TRANSACT & BALANCE				562 775 03	562 775.03	0 00
101000	****** CAPITAL INVESTED		FS				
1 1	BROUGHT FORWARD			824 200.54+	14 348.66		
1 1	1986 P/L NET BALANCE					22 348.66	8 000.00-
2 1	TRANSFER		100000		8 000 00		0.00
	TRANSACT & BALANCE			824 200.54+	22 348 66	22 348 66	0 00
101001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD	235626-		933 348.66-		819 891 06	
1 1	1986 P/L NET BALANCE					164 369 66	984 260 72
2 1	TRANSFER		100001			562 775 03	1 547 035 75-
30 1	MGT FEES 4TH QAURTER 1986	5001	5600001		3 142 75		1 543 893 00
21 4	MGT FEES 1ST QUARTER 1987	6001	5600001		967 17		1 542 925.83-

714

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
101001	CAPITAL INVESTED		(SUITE)			H 03059	
	TRANSACT & BALANCE	235626-		933 348 66-	4 109 92	1 547 035 75	1 542 925 83
101003	****** CAPITAL INVESTED		DM				
1 1	BROUGHT FORWARD			3 445 45-	216 01		
1 1	1986 P/L NET BALANCE					216 01	0 00
	TRANSACT & BALANCE			3 445 45-	216 01	216 01	0 00
101010	****** CAPITAL INVESTED		YEN				
1 1	BROUGHT FORWARD			2 892 13-	35 953 50		
1 1	1986 P/L NET BALANCE					35 953 50	0 00
	TRANSACT & BALANCE			2 892 13-	35 953 50	35 953 50	0 00
101012	****** CAPITAL INVESTED		MFK				
1 1	BROUGHT FORWARD			8 493 20-		40 285 70	
1 1	1986 P/L NET BALANCE				40 285 70		0 00
	TRANSACT & BALANCE			8 493 20-	40 285 70	40 285 70	0 00
101017	****** CAPITAL INVESTED		HK$				
1 1	BROUGHT FORWARD			20 906 16+	27 648 51		
1 1	1986 P/L NET BALANCE					27 648 51	0 00
	TRANSACT & BALANCE			20 906 16+	27 648 51	27 648 51	0 00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES		US$			H 03061	
515300	****** LOANS RECEIVABLE		FS				
	TRANSACT & BALANCE				0 00	0 00	0 00
517401	****** PRIVATE INVESTMENTS RECEIVABLE		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00
525601	****** FID DEPOSIT - CONTINENTAL BANK		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00
526101	****** FID DEPOSIT - RNB		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00
526601	****** FID DEPOSIT - CREDIT SUISSE		US$				
	TRANSACT & BALANCE				0 00	0 00	0 00
550300	****** SECURITIES - GUTZWILLER		FS				
	TRANSACT & BALANCE				0 00	0 00	0 00
550801	****** SECURITIES - CAN IMP BK OF COMMER		US$				
1 1	BROUGHT FORWARD	1546000+			1 546 000 00		1 546 000 00
8 1	SALE	1546000-	8475	5600001		1 546 000 00	
8 1	INTEREST TO 30 03 87 AT 0 437		8475	5600001		1 521 85	
8 1	REVERSAL		8475	5600001	1 521 85		0 00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
550801	SECURITIES - CAN IMP BK OF CO		(SUITE)		H 03062	
	TRANSACT & BALANCE			1 547 521 85	1 547 521 85	0 00
550900	****** SECURITIES - CREDIT SUISSE		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
551301	****** SECURITIES - ROSE & COMPANY		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
551401	****** SECURITIES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
551510	****** SECURITIES - NIKKO		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00
551600	****** SECURITIES - NOMURA		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
551601	****** SECURITIES - NOMURA		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
551610	****** SECURITIES - NOMURA		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00

H 03063

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
51800	****** SECURITIES - MERRILL LYNCH		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
51801	****** SECURITIES - MERRILL LYNCH		US$			
8 1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	1540000+18001	5600001	1 540 000 00		1 540 000 00
8 4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	1540000-18002	5600001		1 540 000 00	
8 4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	1563100+18003	5600001	1 563 100 00		1 563 100 00
8 5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	1571241+18005	5600001	1 571 241 00		
8 5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	1563100-18004	5600001		1 563 100 00	1 571 241 00
	TRANSACT & BALANCE	1571241+		4 674 341 00	3 103 100 00	1 571 241 00
52010	****** SECURITIES - WAKO		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00
52100	****** SECURITIES - DAIWA SECURITIES		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
52110	****** SECURITIES - DAIWA		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
552201	****** SECURITIES - MORGAN STANLEY		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
552212	****** SECURITIES - MORGAN STANLEY		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
552220	****** SECURITIES - MORGAN STANLEY		$AU			
	TRANSACT & BALANCE			0 00	0 00	0 00
552417	****** SECURITIES - REED STENHOUSE		HK$			
	TRANSACT & BALANCE			0 00	0 00	0 00
552420	****** SECURITIES - REED STENHOUSE		$AU			
	TRANSACT & BALANCE			0 00	0 00	0 00
552701	****** SECURITIES - STRAUSS TURNBULL		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
552703	****** SECURITIES - STRAUSS TURNBULL		DM			
	TRANSACT & BALANCE			0 00	0 00	0 00
5600000	****** CASH ACCOUNT		FS			
1 1	BROUGHT FORWARD	195000+	824 200 54-	0 00		0 00
	TRANSACT & BALANCE	195000+	824 200 54-	0 00	0 00	0 00

H 03064

A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
%600001		****** CASH ACCOUNT		US$				
1	1	BROUGHT FORWARD	584076-		933 348 66+	1 035 75	H 03065	1 035 75
8	1	SALE	1546000+	8475 08JCD		1 546 000 00		
8	1	INTEREST FM 30 1286 TO 08 01		8475 08JCD		2 488 09		
8	1	INTEREST TO 30 03 87 AT 0 437		8475 08JCD		1 521 85		
8	1	6 0000 EURO-CD TORONTO DOMINION PURCHASE	1540000-	18001 18JCDTO			1 540 000 00	
8	1	REVERSAL		8475 08JCD			1 521 85	
8	1	INTEREST TO 30 03 87 AT 0. 43		8475 08JCD		1 521 85		11 045 69
30	1	MGT FEES 4TH QAURTER 1986		5001 101001			3 142 75	7 902 94
8	4	6 0000 EURO-CD TORONTO DOMINION REDEMPTION	1540000+	18002 18JCDTO		1 540 000 00		
8	4	6 0000 EURO-CD TORONTO DOMINION INTEREST	1540080+	18002 18JCDTO		23 100 00		
8	4	6 2500 MERRILL LYNCH 8/5/87 FIDUCIARY DEPOSIT	1563100-	18003 18J128A			1 563 100 00	7 902 94
21	4	MGT FEES 1ST QUARTER 1987		6001 101001			967 17	6 935 77
8	5	6 8750 MERRILL LYNCH 8/7/87 FIDUCIARY DEPOSIT	1571241-	18005 18J189A			1 571 241 00	
8	5	6 2500 MERRILL LYNCH 8/5/87 REDEMPTION	1563100+	18004 18J128A		1 563 100 00		
8	5	CREDIT INTEREST	1563100+	18004 772201		8 141 15		6 935 92
		TRANSACT & BALANCE	2493783+		933 348 66+	4 686 908 69	4 679 972 77	6 935 92

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600003	****** CASH ACCOUNT		DM				
	TRANSACT & BALANCE				0 00	0 00	0 00
5600010	****** CASH ACCOUNT		YEN				
1 1	BROUGHT FORWARD	401500+		2 892 13+	0 00		0 00
	TRANSACT & BALANCE	401500+		2 892 13+	0 00	0 00	0 00
5600012	****** CASH ACCOUNT		MFK				
	TRANSACT & BALANCE				0 00	0 00	0 00
5600017	****** CASH ACCOUNT		HK$				
1 1	BROUGHT FORWARD	10000+		20 906 16-	0 00		0 00
	TRANSACT & BALANCE	10000+		20 906 16-	0 00	0 00	0 00
5600020	****** CASH ACCOUNT		$AU				
	TRANSACT & BALANCE				0 00	0 00	0 00
5600300	****** CSF INVOICES		FS				
	TRANSACT & BALANCE				0 00	0 00	0 00

99020 II 03066

4201 KOREL ASSETS LEDGER

FROM 01 01 87 TO 30 06 87

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A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
					11 03067	
6	****** CHARGES		US$			
673701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
673710	****** BANK CHARGES		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
760900	****** REAL GAINS/LOSSES - CREDIT SUISSE		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
761301	****** REAL GAINS/LOSSES - ROSE & CO		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
761401	****** REAL GAINS/LOSSES - BEAR STEARNS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
761510	****** REAL GAINS/LOSSES - NIKKO		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00
761600	****** REAL GAINS/LOSSES - NOMURA		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
761601	****** REAL GAINS/LOSSES - NOMURA		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
761610	****** REAL GAINS/LOSSES - NOMURA		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00

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A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
					03069	
/61800	****** REAL GAINS/LOSSES - MERRILL LYNCH FS					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62010	****** REAL GAINS/LOSSES - WAKO SECURITIE YEN					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62110	****** REAL GAINS/LOSSES - DAIWA YEN					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62201	****** REAL GAINS/LOSSES - MORGAN STANLEY US$					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62220	****** REAL GAINS/LOSSES - MORGAN STANLEY $AU					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62417	****** REAL GAINS/LOSSES - REED STENHOUSE HK$					
	TRANSACT & BALANCE			0 00	0 00	0 00
/62420	****** REAL GAINS/LOSSES - REED STENHOUSE $AU					
	TRANSACT & BALANCE			0 00	0 00	0 00

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU US$					
	TRANSACT & BALANCE			0 00	0 00	0 00
762703	****** REAL GAINS/LOSSES - STRAUSS TURNBU DM					
	TRANSACT & BALANCE			0 00	0 00	0 00
771100	****** INTEREST EARNED ON BONDS FS					
	TRANSACT & BALANCE			0 00	0 00	0 00
771101	****** INTEREST EARNED ON BONDS US$					
8 1	INTEREST FM 30 1286 TO 08 01	8475	5600001		2 488 09	
8 1	INTEREST TO 30 03 87 AT 0, 43	8475	5600001		1 521 85	4 009 94
8 4	6 0000 EURO-CD TORONTO DOMINION INTEREST	1540000-18002	5600001		23 100 00	27 109 94
	TRANSACT & BALANCE	1540000-		0 00	27 109 94	27 109 94
771103	****** INTEREST EARNED ON BONDS DM					
	TRANSACT & BALANCE			0 00	0 00	0 00
771110	****** INTEREST EARNED ON BONDS YEN					
	TRANSACT & BALANCE			0 00	0 00	0 00

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4201 KOREL ASSETS LEDGER FROM 01 01 87 TO 30 06 87 87 05 29 PAGE 14

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
771120	****** INTEREST EARNED ON BONDS		$AU			
	TRANSACT & BALANCE			0 00	0 00	0 00
771201	****** DIVIDENDS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00
771210	****** DIVIDENDS		YEN			
	TRANSACT & BALANCE			0 00	0 00	0 00
771212	****** DIVIDENDS		MFK			
	TRANSACT & BALANCE			0 00	0 00	0 00
772100	****** INTEREST EARNED ON LOANS		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
772201	****** INTEREST EARNED ON FTD		US$			
8 5	CREDIT INTEREST	1563100-18004	5600001		8 141 15	8 141 15
	TRANSACT & BALANCE	1563100-		0 00	8 141 15	8 141 15
772301	****** INCOME ON INVESTMENTS		US$			
	TRANSACT & BALANCE			0 00	0 00	0 00

H 03071

4201 KOREL ASSETS LEDGER

FROM 01 01 87 TO 30 06 87

87 05 29 PAGE 15

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

M 03072

4201 KOREL ASSETS LEDGER

FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
9	****** TRANSIT ACCOUNT					
	GRAND TOTALS			********** 11 611 466 29	********** 11 611 466 29	0 00

H 03073

KOREL ASSETS

LEDGER FROM 01 01 36 TO 31 12 86

NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
TRANSIT ACCOUNT		(SUITE)			
****** CAPITAL		US$			
****** CAPITAL CONTRIBUTIONS/WITHDRAWALS FS					
PMT INV 1107	6105	5600000	5 000 00		5 000 00
PMT PI 1721	7081	5600000	3 000 00		8 000 00
TRANSACT & BALANCE			8 000 00	0 00	8 000 00
00001 ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS US$					
BROUGHT FORWARD				462 177 76	462 177 76-
TRANSFER	10100		462 177 76		0 00
2 TR FROM LAKE RESOURCES	5255	5600001		165 000 00	165 000 00-
3 TR TO K RASHID (GULF MARKETING)	6057	5600001	31 827 64		133 172 36-
4 NEW FUNDS	6087	5600001		50 000 00	183 172 36-
5 TRANSFER	6196	5600001		7 439 78	190 612 14-
6 NEW FUNDS	6189	5600001		26 490 00	217 102 14-
7 NEW FUNDS	6269	5600001		79 167 00	296 269 14-
8 TR FROM DEFEX	6422	5600001		11 183 00	307 452 14-
9 TR TO ALSON VALUES CORP	7015	5600001	2 305 32		305 146 82-
10 PMT KLINIK BUCHINGER AM BODENSEE	7117	5600001	769 79		304 377 03-
11 TRANSFER FM U B S , FRIBOURG	7286	5600001		258 398 00	562 775 03-
TRANSACT & BALANCE			497 080 51	1 059 855 54	562 775 03-
00100 ****** CAPITAL INVESTED		FS			
BROUGHT FORWARD			686 335 00+	205 420 00	
[illegible]				229 14	[illegible]
5 ASTO [illegible] FOOD CO					
[illegible]	19500-	9032 DAIICHI		18 810 00	

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C			NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
01000			CAPITAL INVESTED (SUITE)					# 03075	
8	1	5	6250 ISHII FOOD CO						
			DELIVERY	19000+	5032 21JISHI		18 810 00		205 690 86-
24	4		INV 1183		5600300		5 000 00		200 690 86-
29	4		PMT INV NO 1183		2158 5600300			5 000 00	205 690 86-
16	7		INV 1321		5600300		3 000 00		202 690 86-
22	7		PMT INV NO 1321		3115 5600300			3 000 00	205 690 86-
22	10		DM/SFR AT 0.8275		8091 5600000	10 972 39+	9 079 65		196 611 21-
23	12		SFR/US$ AT 1 6625		8418 5600000	126 893 15+	210 959 87		14 348 66
			TRANSACT & BALANCE			824 200 54+	247 078 66	232 730 00	14 348 66
01001			****** CAPITAL INVESTED US$						
1	1		BROUGHT FORWARD			210 720 00+		10 753 64	
1	1		P/L NET BALANCE YEAR 1985				9 289 41		1 464 23-
2	1		TRANSFER		100001			462 177 76	463 641 99-
8	1		MGT FEES 4TH QUARTER 1985		5001 5600001		1 346 44		462 295 55-
15	1		14 1250 KELLOGS						
			AMORT. BDS PREM.		5030 27JKELLO			94 41	
15	1		14 1250 KELLOGS						
			AMORT. BDS PREM.		5030 27JKELLO		97 41		462 292 55-
17	1		SAFE CUSTODY CHARGE		5135 5600001		145 43		462 147 12-
1	3		16 2500 NEW BRUNSWICK ELECTRIC						
			AMORT. BDS PREM.		5298 27JNEWB			299 92	
1	3		16 2500 NEW BRUNSWICK ELECTRIC						
			AMORT. BDS PREM.		5298 27JNEWB		299 92		462 147 12-
8	4		MGT FEES 1ST QUARTER 1986		6001 5600001		1 696 66		460 450 46-
14	4		US$/AU$ AT .7168		6033 5600001	19 732 97+	14 144 59		446 305 87-
9	5		FOSTER WHEELER CORP.						
			TRANSFER	400-	6196 14FWC			5 313 78	
9	5		PAN AMERICAN WORLD AIRWAY LTD.						
			TRANSFER	200-	6196 14PN			1 600 44	
9	5	6	6250 I.B.M. CREDIT CORP.						
			TRANSFER	10000-	6196 16JIBM			9 987 50	
9	5	11	5000 CANADA						

4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD. HAMILTON BERMUDA

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
101001	CAPITAL INVESTED		(SUITE)				
	TRANSFER	75000-	6196 27]CANA			75 000.00	
9 5	12.0000 HAMERSON PROP.INV DEVPT						
	TRANSFER	25000-	6196 27]HAME		11 03076	25 937.50	
9 5	12.1250 PRUDENTIAL REALTY SEC.'S						
	TRANSFER	50000-	6196 27]PRUR			50 294.70	
9 5	8.5000 SOCIETE GENERALE WARRANT						
	TRANSFER	25-	6196 27]SGWT			3 175.00	
9 5	7.7500 SONY CORPN. EX WARRANTS						
	TRANSFER	75000-	6196 27]SON			64 961.49	682 576.28-
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		2 478.35		680 097.93-
9 9	US$/AU$ AT 0.6325	24001	5600001	23 799.82+	15 053.39		665 044.54-
18 9	US$/HK$ AT 7.8035	7364	5600001		17 356.38		647 688.16-
24 9	AU$/US$ AT .6375	7378	5600001	9 091.36+	5 795.74		641 892.42-
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		2 926.01		638 966.41-
25 11	MKF/US$ AT 20.455	22026	5600001	340 285.70+	69 605.44		569 360.97-
11 12	COSFIN B.V.						
	ADJ QTY	1-	4435 74]COS4		0.00		569 360.97-
23 12	SFR/US$ AT 1.6625	8418	5600001	210 959.87-		126 893.15	
23 12	DM./US$ AT 1.9858	8418	5600001	11 188.40-		5 634.20	
23 12	YEN/US$ AT 1.9858	8418	5600001	800 474.50-		4 907.87	
23 12	MKF/US$ AT 4.909	8418	5600001	300 000.00-		61 112.24	
23 12	HK$/US$ AT 7.801	8418	5600001	163 089.01-		20 906.16	
23 12	AU$/US$ AT 7.801	8418	5600001	51 266.73-		34 221.16	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		3 144.69		819 891.06-
	TRANSACT. & BALANCE	235626-		933 348.66-	143 379.86	963 270.92	819 891.06-
101003	[redacted] CAPITAL INVESTED		DM.				
22 10	DM/SFR AT 0.8275	8091	5600003	9 079.65-		10 972.39	10 972.39-
23 12	DM./US$ AT 1.9858	8418	5600003	5 634.20+	11 188.40		216.01
	TRANSACT. & BALANCE			3 445.45-	11 188.40	10 972.39	216.01

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C		NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
01010		****** CAPITAL INVESTED	YEN		# 03077		
1	1	BROUGHT FORWARD		7 800 00-		775 335 00	
1	1	P/L. NET BALANCE YEAR 1985			10 708 00		764 627 00-
2	1	SAFE CUSTODY CHARGES	5154 5600010		106 00		764 521 00-
23	12	YEN/US$ AT 1.9858	8418 5600010	4 907 87+	800 474 50		35 953 50
		TRANSACT. & BALANCE		2 892 13-	811 288 50	775 335 00	35 953 50
01012		****** CAPITAL INVESTED	MFK				
25	11	MKF/US$ AT 20.455	22026 5600012	69 605.44-		340 285 70	340 285 70-
23	12	MKF/US$ AT 4.909	8418 5600012	61 112.24+	300 000 00		40 285 70-
		TRANSACT. & BALANCE		8 493.20-	300 000 00	340 285 70	40 285 70-
01017		****** CAPITAL INVESTED	HK$				
18	9	US$/HK$ AT 7 8035	7364 5600017			135 440 50	135 440 50-
23	12	HK$/US$ AT 7 801	8418 5600017	20 906.16+	163 089 01		27 648 51
		TRANSACT. & BALANCE		20 906.16+	163 089 01	135 440 50	27 648 51
01020		****** CAPITAL INVESTED	$AU				
14	4	US$/AU$ AT .7168	6033 5600020	14 144.59-		19 732 97	19 732 97-
9	9	US$/AU$ AT 0.6325	24001 5600020	15 053.39-		23 799 82	43 532 79-
24	9	AU$/US$ AT .6375	7378 5600020	5 795.74-		9 091 36	52 624 15-
23	12	AU$/US$ AT 7 801	8418 5600020	34 221.16+	51 266 73		1 357 42-
		TRANSACT. & BALANCE		772.56-	51 266 73	52 624 15	1 357.42-

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

03078

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

03079

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
	****** ASSETS & LIABILITIES		US$			
15300	****** LOANS RECEIVABLE		FS			
1 1	BROUGHT FORWARD	60200+		60 200.00		60 200.00
4 12	6.2500 PN.8315 6 YEARS					
	PN 8315 RIEMBURSEMENT	60200- 8324	5600000		60 200.00	0.00
	TRANSACT. & BALANCE			60 200.00	60 200.00	0.00
17401	****** PRIVATE INVESTMENTS RECEIVABLE		US$			
28 3	COSFIN B.V.					
	INVESTMENTS COSFIN NO 4	30000+15222	5600001	30 000.00		30 000.00
30 4	COSFIN B.V.					
	INT APRIL AT 10%	250+ 2227	772301	250.00		30 250.00
31 5	COSFIN B.V.					
	INTEREST MAY AT 9.50%	239+ 2311	772301	239.48		30 489.48
30 6	COSFIN B.V.					
	INTEREST JUNE	241+ 2476	772301	241.36		30 730.84
31 7	COSFIN B.V.					
	INTEREST JULY	243+ 3231	772301	243.29		30 974.13
31 8	COSFIN B.V.					
	INTEREST AUGUST	226+ 3296	772301	225.85		31 199.98
5 9	7.0000 COSFIN BV					
	INVESTMENT	250000+ 3519	5600001	250 000.00		
5 9	7.0000 COSFIN BV					
	INVESTMENT	40000+ 3519	5600001	40 000.00		321 199.98
30 9	COSFIN B.V.					
	INTEREST SEPT 8.5%	221+ 3480	772301	221.00		321 420.98
31 10	COSFIN B.V.					
	INTEREST OCTOBER 8.5%	222+ 4146	772301	222.57		321 643.55
30 11	COSFIN B.V.					
	INTEREST	224+ 4325	772301	224.14		321 867.69

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
517401	PRIVATE INVESTMENTS RECEIVABLE (SUITE)				
11 12	COSFIN B.V.				
	INTEREST	82+ 4436 772301	81.63		
11 12	COSFIN B.V.				
	ADJ QTY	1+ 4435 101001	0.00		
11 12	COSFIN B.V.				
	REDEMPTION	31949- 4435 5600001		31 949.32	
11 12	7.0000 COSFIN BV				
	REDEMPTION	290000- 4436 5600001		290 000.00	0.00
	TRANSACT. & BALANCE		321 949.32	321 949.32	0.00
525601	****** FID. DEPOSIT - CONTINENTAL BANK US$				
6 3	7.7500 CONTINENTAL BANK 07/04/8				
	FIDUCIARY DEPOSIT	175000+ 5317 5600001	175 000.00		175 000.00
7 4	7.7500 CONTINENTAL BANK 07/04/8				
	REDEMPTION	175000- 6015 5600001		175 000.00	
7 4	7.2500 CONTINENTAL BANK 09/06/8				
	FIDUCIARY DEPOSIT	176000+ 6016 5600001	176 000.00		176 000.00
9 6	7.2500 CONTINENTAL BANK 09/06/8				
	REDEMPTION	176000- 6317 5600001		176 000.00	
9 6	7.0625 CONTINENTAL BANK 09/07/8				
	FIDUCIARY DEPOSIT	178000+ 6318 5600001	178 000.00		178 000.00
9 7	7.0625 CONTINENTAL BANK 09/07/8				
	REDEMPTION	178000- 7025 5600001		178 000.00	
9 7	6.8750 CONTINENTAL BANK 11.08.8				
	FIDUCIARY DEPOSIT	179000+ 7026 5600001	179 000.00		179 000.00
11 8	6.8750 CONTINENTAL BANK 11.08.8				
	REDEMPTION	179000- 7187 5600001		179 000.00	
11 8	6.3750 CONTINENTAL BANK 11.09.8				
	FIDUCIARY DEPOSIT	180000+ 7188 5600001	180 000.00		180 000.00
11 9	6.3750 CONTINENTAL BANK 11.09.8				
	REDEMPTION	180000- 7315 5600001		180 000.00	0.00
	TRANSACT. & BALANCE		888 000.00	888 000.00	0.00

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
26101	****** FID. DEPOSIT - RNB	US$			03061
18 6	5.2500 RNB NEW YORK CALL ON CALL	30000+ 6446 5600001	30 000.00		30 000.00
2 7	5.2500 RNB NEW YORK CALL OFF CALL	30000- 7175 5600001		30 000.00	0.00
7 7	5.2500 RNB NEW YORK CALL ON CALL	30000+ 7175 5600001	30 000.00		30 000.00
15 7	5.2500 RNB NEW YORK CALL ON CALL	80000+ 7175 5600001	80 000.00		110 000.00
18 8	6.0000 R.N.B. 02/09/86 FIDUCIARY DEPOSIT	110000+ 7356 5600001	110 000.00		220 000.00
21 8	5.2500 RNB NEW YORK CALL OFF CALL	110000- 7353 5600001		110 000.00	110 000.00
28 8	5.2500 RNB NEW YORK CALL ON CALL	110000+ 7353 5600001	110 000.00		220 000.00
29 8	5.2500 RNB NEW YORK CALL OFF CALL	110000- 7353 5600001		110 000.00	
29 8	5.3750 R.N.B. 03/09/86 FIDUCIARY DEPOSIT	110000+ 7358 5600001	110 000.00		220 000.00
2 9	6.0000 R.N.B. 02/09/86 REDEMPTION	110000- 7357 5600001		110 000.00	110 000.00
3 9	5.3750 R.N.B. 03/09/86 REDEMPTION	110000- 7369 5600001		110 000.00	0.00
11 9	5.2500 RNB NEW YORK CALL ON CALL	110000+ 7438 5600001	110 000.00		110 000.00
10 11	5.2500 RNB NEW YORK CALL OFF CALL	110000- 8199 5600001		110 000.00	0.00
	TRANSACT. & BALANCE		580 000.00	580 000.00	0.00

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4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
526601	■■■■■■ FID. DEPOSIT - CREDIT SUISSE US$				
9 6	6.1250 CALL CREDIT SUISSE ON CALL	125000+ 6290 5600001	125 000.00		125 000.00
16 6	6.1250 CALL CREDIT SUISSE OFF CALL	125000- 6320 5600001		125 000.00	0.00
20 6	6.1250 CALL CREDIT SUISSE ON CALL	100000+ 6361 5600001	100 000.00		100 000.00
24 6	6.1250 CALL CREDIT SUISSE OFF CALL	100000- 6383 5600001		100 000.00	0.00
	TRANSACT & BALANCE		225 000.00	225 000.00	0.00
550300	■■■■■■ SECURITIES - GUTZWILLER FS				
	TRANSACT & BALANCE		0.00	0.00	0.00
550801	■■■■■■ SECURITIES - CAN. IMP. BK OF COMMER US$				
30 12	6.4375 CIBC CERTIFICATES DEPOSI PURCHASE	1546000+ 8475 5600001	1 546 000.00		1 546 000.00
	TRANSACT & BALANCE	1546000+	1 546 000.00	0.00	1 546 000.00
550900	■■■■■■ SECURITIES - CREDIT SUISSE FS				
1 1	BROUGHT FORWARD	65000+	65 000.00		65 000.00
8 1	5.6250 ISHII FOOD CO DELIVERY	19000+ 5032 101000	18 810.00		83 810.00
4 4	1.7500 SUMITOMO EL. IND. CV SALE	10000- 9002 5600000		13 408.69	
4 4	1.7500 SUMITOMO EL. IND. CV GAIN	760900	3 258.69		73 660.00
9 4	1.8750 ITOHAM FOODS INC. SFR WT				

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CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
550900	SECURITIES - CREDIT SUISSE (SUITE)					
	PURCHASE	10000+ 6072	5600000	9 940.00		
9 4	1.8750 ITOHAM FOODS INC. SFR WT					# 03083
	SALE	10000- 6072	5600000		11 413.51	
9 4	1.8750 ITOHAM FOODS INC. SFR WT					
	GAIN		760900	1 473.51		73 660.00
8 7	.8750 ELECTRO CHEMICAL (EX DEN					
	PURCHASE	10000+ 9008	5600000	9 955.00		83 615.00
10 10	5.6250 MITSUBA ELECTRIC MFG					
	AMORT. BDS PREM	8027 ■		26.73		83 641.73
18 11	.8750 ELECTRO CHEMICAL (EX DEN					
	SALE	10000- 9012	5600000		9 005.32	
18 11	.8750 ELECTRO CHEMICAL (EX DEN					
	LOSS		760900		949.68	73 686.73
15 12	5.6250 ISHII FOOD CO.					
	SALE	19000- 8338	5600000		19 095.00	
15 12	5.6250 ISHII FOOD CO.					
	GAIN		760900	285.00		54 876.73
18 12	6.7500 VILLE DE LAVAL					
	SALE	30000- 9015	5600000		29 759.35	
18 12	6.7500 VILLE DE LAVAL					
	LOSS		760900		240.65	
18 12	5.6250 MITSUBA ELECTRIC MFG					
	SALE	25000- 9014	5600000		24 869.03	
18 12	5.6250 MITSUBA ELECTRIC MFG					
	LOSS		760900		7.70	0.00
	TRANSACT. & BALANCE			108 748.93	108 748.93	0.00
551301	■■■■■■ SECURITIES - ROSE & COMPANY US$					
1 1	BROUGHT FORWARD	1800+		15 500.00		15 500.00
1 5	XIDEX CORP					
	SALE	500-13005	5600001		9 282.50	
1 5	XIDEX CORP.					
	GAIN		761301	2 782.50		9 000.00

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
551301		SECURITIES - ROSE & COMPANY (SUITE)				# 03084
16	10	UNIT DRILLING & EXPL. CO				
		EXCHANGE	800- 8204 5600001		2 500 00	
16	10	UNIT CORPORATION				
		EXCHANGE	800+ 8204 5600001	2 500 00		9 000 00
22	12	UNIT CORPORATION				
		SALE	800-13008 5600001		935 96	
22	12	UNIT CORPORATION				
		LOSS	761301		1 564 04	
22	12	XIDEX CORP				
		SALE	500-13009 5600001		5 710 00	
22	12	XIDEX CORP				
		LOSS	761301		790 00	0 00
		TRANSACT. & BALANCE		20 782 50	20 782 50	0 00
551401		###### SECURITIES - BEAR STEARNS US$				
1	1	BROUGHT FORWARD	105200+	156 060 33		156 060 33
5	2	EMERY AIR FREIGHT CORP				
		SALE	1000- 5330 5600001		18 628 92	
5	2	EMERY AIR FREIGHT CORP				
		GAIN	761401	1 663 51		139 094 92
10	2	EMERY AIR FREIGHT CORP				
		SALE	1000-14041 5600001		18 334 38	
10	2	EMERY AIR FREIGHT CORP				
		GAIN	761401	1 368 96		122 129 50
11	2	BATTLE MOUNTAIN GOLD CO				
		PURCHASE	1500+14042 5600001	21 937 50		144 067 00
18	2	ALA MOANA HAWAII				
		RED. PURCH. PRICE	5332 5600001		4 500 00	139 567 00
4	3	LTV CORP				
		PURCHASE	100+14047 5600001	656 00		140 223 00
26	3	LTV CORP				
		SALE	100- 5411 5600001		964 96	
26	3	LTV CORP				

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HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
51401		SECURITIES - BEAR STEARNS (SUITE)					139 567.00
		GAIN		761401	308.96		
2	5	CHESEBROUGH - PONDS INC.					
		SALE	100-14063	5600001		4 895.64	
2	5	CHESEBROUGH - PONDS INC.					
		GAIN		761401	841.14		135 512.50
9	5	FOSTER WHEELER CORP.					
		TRANSFER	400+	6196 101001	5 313.78		
9	5	PAN AMERICAN WORLD AIRWAY LTD.					
		TRANSFER	200+	6196 101001	1 600.44		142 426.72
1	8	15.2500 PROV. OF NOVA SCOTIA					
		AMORT. BDS PREM		7351 9	1 379.01		143 805.73
5	9	15.0000 SPERRY RAND CURACAO					
		SALE	50000-14094	5600001		50 750.00	
5	9	15.0000 SPERRY RAND CURACAO					
		LOSS		761401		2 750.00	90 305.73
9	9	BATTLE MOUNTAIN GOLD CO.					
		SALE	750-14083	5600001		13 950.00	
9	9	BATTLE MOUNTAIN GOLD CO.					
		GAIN		761401	2 981.25		79 336.98
12	9	MOBIL CORP					
		SALE	100-14089	5600001		3 841.54	
12	9	MOBIL CORP					
		GAIN		761401	866.54		76 361.98
19	9	MCI COMMUNICATIONS CORP					
		PURCHASE	500+14085	5600001	3 812.50		80 174.48
24	9	BATTLE MOUNTAIN GOLD CO.					
		SALE	510-14092	5600001		9 881.25	
24	9	BATTLE MOUNTAIN GOLD CO.					
		GAIN		761401	2 422.50		72 715.73
25	9	BATTLE MOUNTAIN GOLD CO.					
		SALE	240-14088	5600001		4 650.00	
25	9	BATTLE MOUNTAIN GOLD CO.					
		GAIN		761401	1 140.00		69 205.73
29	9	MCI COMMUNICATIONS CORP					
		SALE	60-14091	5600001		472.50	
29	9	MCI COMMUNICATIONS CORP					

4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
551401	SECURITIES - BEAR STEARNS (SUITE)					
	GAIN		761401	15 00	03086	68 748 23
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	1000+14100	5600001	37 838.03		106 586 26
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	1000-14101	5600001		37 762.70	
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS		761401		75.33	
17 12	FOSTER WHEELER CORP.					
	SALE	400-14102	5600001		5 016.02	
17 12	FOSTER WHEELER CORP.					
	LOSS		761401		297.76	
17 12	MCI COMMUNICATIONS CORP					
	SALE	440-14105	5600001		3 135.00	
17 12	MCI COMMUNICATIONS CORP					
	LOSS		761401		220.00	
17 12	PAN AMERICAN WORLD AIRWAY LTD.					
	SALE	200-14106	5600001		944.50	
17 12	PAN AMERICAN WORLD AIRWAY LTD.					
	LOSS		761401		655.94	
17 12	ALA MOANA HAWAII					
	SALE	3000-14110	5600001		1 199.52	
17 12	ALA MOANA HAWAII					
	GAIN		761401	599.52		57 879.01
19 12	15.2500 PROV. OF NOVA SCOTIA					
	SALE	50000-14116	5600001		57 500.00	
19 12	15.2500 PROV. OF NOVA SCOTIA					
	LOSS		761401		379.01	0.00
	TRANSACT. & BALANCE			240 804.97	240 804.97	0.00

CSF INVESTMENTS LTD.
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4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

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A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
51510	****** SECURITIES - NIKKO	YEN			
1 1	BROUGHT FORWARD	550+	290 400 00		290 400 00
6 6	TOKIO MARINE FIRE PURCHASE	300+15041 5600010	372 368 00		662 768 00
15 7	TOKIO MARINE FIRE SALE	300-15047 5600010		384 330 00	
15 7	TOKIO MARINE FIRE GAIN	761510	11 962 00		
15 7	TEIKOKU TSUSHIN (6763) SALE	550-15045 5600010		303 776 00	
15 7	TEIKOKU TSUSHIN (6763) GAIN	761510	13 376 00		0 00
	TRANSACT. & BALANCE		688 106 00	688 106 00	0 00
51600	****** SECURITIES - NOMURA	FS			
30 7	8750 AOKI CORPORATION OSAKA (PURCHASE	6000+16033 5600000	5 973 00		5 973 00
12 9	8750 AOKI CORPORATION OSAKA (SALE	6000-16042 5600000		6 090 00	
12 9	8750 AOKI CORPORATION OSAKA (GAIN	761600	117 00		0 00
	TRANSACT. & BALANCE		6 090 00	6 090 00	0 00
51601	****** SECURITIES - NOMURA	US$			
9 5	6.6250 I.B.M. CREDIT CORP TRANSFER	10000+ 6196 101001	9 987 50		
9 5	6.6250 I.B.M. CREDIT CORP ADJ. PURCHASE	4000-16022 5600001		3 995 00	5 992 50
22 12	6.6250 I.B.M. CREDIT CORP				

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
551601	SECURITIES - NOMURA		(SUITE)		11 03028	
	SALE	6000-16051 5600001			5 970 00	
22 12	6.6250 I.B.M. CREDIT CORP					
	LOSS	761601			22 50	0 00
	TRANSACT & BALANCE			9 987 50	9 987 50	0 00
551610	****** SECURITIES - NOMURA		YEN			
1 1	BROUGHT FORWARD	100000+		103 000 00		103 000 00
1 7	7.1250 PROVINCE OF NEW BRUNSWIC					
	AMORT BDS PREM	7146 #16]NEW			220 19	102 779 81
4 8	3.6000 SHIMACHU CO.,LTD					
	PURCHASE	300000+60340 5600010		426 384 00		529 163 81
8 12	3.6000 SHIMACHU CO.,LTD					
	SALE	300000-16050 5600010			371 831 25	
8 12	3.6000 SHIMACHU CO.,LTD					
	LOSS	761610			54 552 75	102 779 81
15 12	7.1250 PROVINCE OF NEW BRUNSWIC					
	SALE	100000- 8332 5600010			107 375 00	
15 12	7.1250 PROVINCE OF NEW BRUNSWIC					
	GAIN	761610		4 595 19		0 00
	TRANSACT & BALANCE			533 979 19	533 979 19	0 00
551800	****** SECURITIES - MERRILL LYNCH		FS			
1 1	BROUGHT FORWARD	60000+		60 000 00		60 000 00
19 12	6.0000 WORLD BANK					
	SALE	60000- 8326 5600000			61 800 00	
19 12	6.0000 WORLD BANK					
	GAIN	761800		1 800 00		0 00
	TRANSACT & BALANCE			61 800 00	61 800 00	0 00

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

II 03089

A/C		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
51801		****** SECURITIES - MERRILL LYNCH	US$			
		TRANSACT & BALANCE		0 00	0 00	0 00
52010		****** SECURITIES - WAKO	YEN			
28	1	TOYODA MACHINE WORKS				
		PURCHASE	400+20008 5600010	381 780 00		381 780 00
30	4	TOYODA MACHINE WORKS				
		SALE	400-20016 5600010		382 908 00	
30	4	TOYODA MACHINE WORKS				
		GAIN	762010	1 128 00		0 00
		TRANSACT & BALANCE		382 908 00	382 908 00	0 00
52100		****** SECURITIES - DAIWA SECURITIES	FS			
1	1	BROUGHT FORWARD	19000+	18 810 00		18 810 00
8	1	5.6250 ISHII FOOD CO.				
		DELIVERY	19000- 5032 101000		18 810 00	0.00
		TRANSACT. & BALANCE		18 810 00	18 810 00	0.00
52110		****** SECURITIES - DAIWA	YEN			
4	8	4.8000 MAZDA CV				
		PURCHASE	200000+21086 5600010	217 296.00		217 296.00
11	8	SUMITOMO MARINE				
		PURCHASE	40+21089 5600010	40 304.00		257 600.00
19	8	SUMITOMO MARINE				
		SALE	40-21094 5600010		44 964.52	
19	8	SUMITOMO MARINE				
		GAIN	762110	4 660 52		
19	8	NIPPON SHEET GLASS				

4Z01 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
552110	SECURITIES - DAIWA (SUITE)					
	PURCHASE	50+21093	5600010	40 129.10	II 03090	257 425.10
27 8	4.8000 MAZDA CV					
	SALE	200000-21104	5600010		231 099 74	
27 8	4.8000 MAZDA CV					
	GAIN		762110	13 803.74		40 129.10
16 9	NIPPON SHEET GLASS					
	SALE	50-21107	5600010		44 442.50	
16 9	NIPPON SHEET GLASS					
	GAIN		762110	4 313 40		0 00
17 9	2.0000 MATSUSHITA EL WORKS CV 3					
	PURCHASE	100000+21109	5600010	145 000.00		145 000.00
1 10	2.0000 MATSUSHITA EL WORKS CV 3					
	SALE	100000-21112	5600010		163 275.76	
1 10	2.0000 MATSUSHITA EL WORKS CV 3					
	GAIN		762110	18 275.76		0 00
	TRANSACT. & BALANCE			483 782.52	483 782.52	0 00
552201	****** SECURITIES - MORGAN STANLEY		US$			
1 1	BROUGHT FORWARD	1+		859 20		859 20
13 1	KOMONI PRINTING WTS DUE 20/12/89					
	PURCHASE	5+22011	5600001	1 900 00		2 759 20
19 2	KOMONI PRINTING WTS DUE 20/12/89					
	SALE	5-22015	5600001		2 300 00	
19 2	KOMONI PRINTING WTS DUE 20/12/89					
	GAIN		762201	400 00		859 20
31 3	CALL CHESEBROUGH 100 SH $35					
	SALE	1-22018	5600001		1 237 36	
31 3	CALL CHESEBROUGH 100 SH $35					
	GAIN		762201	378.16		0 00
	TRANSACT. & BALANCE			3 537.36	3 537.36	0 00

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

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A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
552212	****** SECURITIES - MORGAN STANLEY	MFK			
25 11	POHJOLA (NEWS) B				
	PURCHASE	4000+22026 5600012	340 285.70		340 285.70
22 12	POHJOLA (NEWS) B				
	SALE	4000-22030 5600012		300 000.00	
22 12	POHJOLA (NEWS) B				
	LOSS	762212		40 285.70	0.00
	TRANSACT & BALANCE		340 285.70	340 285.70	0.00
552220	****** SECURITIES - MORGAN STANLEY	$AU			
7 3	14 2500 SCANDINAVIAN AIRLINE SYS				
	PURCHASE	20000+ 5418 5600020	19 725.00		19 725.00
22 12	14 2500 SCANDINAVIAN AIRLINE SYS				
	SALE	20000-22028 5600020		20 050.00	
22 12	14 2500 SCANDINAVIAN AIRLINE SYS				
	GAIN	762220	325.00		0.00
	TRANSACT & BALANCE		20 050.00	20 050.00	0.00
552417	****** SECURITIES - REED STENHOUSE	HK$			
12 9	HONG KONG LAND				
	PURCHASE	20000+24002 5600017	135 440.50		135 440.50
16 10	DAIRY FARM				
	RCVD FREE 1 X 2 H.K. LAND	10000+24004 @	15 440.50		
16 10	HONG KONG LAND				
	RCVD FREE 1 X 2 H.K. LAND	24004 @24DF		15 440.50	135 440.50
4 11	DAIRY FARM				
	SALE	2000-24005 5600017		4 961.25	
4 11	DAIRY FARM				
	GAIN	762417	1 873.15		

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LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

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A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
552417	SECURITIES - REED STENHOUSE (SUITE)					
4 11	HONG KONG LAND					
	PURCHASE	764+24006	5600017	4 960.44		137 312.84
17 12	HONG KONG LAND					
	SALE	20764-24008	5600017		134 759.08	
17 12	HONG KONG LAND					
	GAIN	762417		9 798.64		
17 12	DAIRY FARM					
	COST ON DAIRY FARM	24007	5600017	6 254.54		
17 12	DAIRY FARM					
	SALE	8000-24007	5600017		34 583.66	
17 12	DAIRY FARM					
	GAIN	762417		15 976.72		0.00
	TRANSACT. & BALANCE			189 744.49	189 744.49	0.00
552420	****** SECURITIES - REED STENHOUSE $AU					
9 9	TECHNOMIN					
	PURCHASE	50000+24001	5600020	23 799.82		23 799.82
23 9	TECHNOMIN					
	PURCHASE	20000+24003	5600020	9 091.36		32 891.18
23 12	TECHNOMIN					
	SALE	70000-24009	5600020		28 952.56	
23 12	TECHNOMIN					
	LOSS	762420			3 938.62	0.00
	TRANSACT. & BALANCE			32 891.18	32 891.18	0.00
552701	****** SECURITIES - STRAUSS TURNBULL US$					
1 1	BROUGHT FORWARD	275000+		289 857.50		289 857.50
15 1	14.1250 KELLOGS					
	AMORT. BDS PREM.	5030	101001		97.41	289 760.09
28 2	11 5000 AUSTRALIAN IND. DEVPT C					

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

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LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
52701	SECURITIES - STRAUSS TURNBULL		(SUITE)			
	AMORT BDS PREM	#27JAIDC		03093	904 96	288 855 13
1 3	16 2500 NEW BRUNSWICK ELECTRIC					
	AMORT BDS PREM	5298 101001			299 92	288 555 21
26 3	9 2500 EMI FINANCE BV					
	PURCHASE	20000+27043 5600001		20 000 00		308 555 21
9 4	14 1250 KELLOGS					
	SALE	85000-27045 5600001			93 712 50	
9 4	14 1250 KELLOGS					
	GAIN	762701		1 653 65		
9 4	14 1250 KELLOGS					
	PURCHASE	60000+27044 5600001		66 975 00		
9 4	14 1250 KELLOGS					
	LOSS	762701			756 24	282 715 12
6 5	8 5000 SOCIETE GENERALE WARRANT					
	PURCHASE	50+27053 5600001		6 350 00		289 065 12
9 5	11 5000 CANADA					
	TRANSFER	75000+ 6196 101001		75 000 00		
9 5	12 0000 HAMERSON PROP INV DEVPT					
	TRANSFER	25000+ 6196 101001		25 937 50		
9 5	12 1250 PRUDENTIAL REALTY SEC 'S					
	TRANSFER	50000+ 6196 101001		50 294 70		
9 5	8 5000 SOCIETE GENERALE WARRANT					
	TRANSFER	25+ 6196 101001		3 175 00		
9 5	7 7500 SONY CORPN EX WARRANTS					
	TRANSFER	75000+ 6196 101001		64 961 49		508 433 81
16 6	14 7500 UNION CARBIDE					
	PURCHASE	11000+27059 5600001		11 385 00		519 818 81
2 7	HIRAM WALKER					
	PURCHASE	130000+27066 5600001		98 150 00		617 968 81
15 7	9 7500 BOWATER CORPORATION					
	REDEMPTION	15000-27070 5600001			15 000 00	
15 7	9 7500 BOWATER CORPORATION					
	GAIN	762701		17 50		602 986 31
18 7	HIRAM WALKER					
	SALE	91000-27067 5600001			70 297 50	
18 7	HIRAM WALKER					

CSF INVESTMENTS LTD. HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	H 03094 DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL (SUITE)					
	GAIN		762701	1 592.50		534 281.31
21 7	8.5000 SOCIETE GENERALE WARRANT					
	SALE	75-27069	5600001		9 891.04	
21 7	8.5000 SOCIETE GENERALE WARRANT					
	GAIN		762701	366.04		524 756.31
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	PURCHASE	100000+27075	5600001	100 000.00		624 756.31
16 9	1.0870 S.N.C.F. PART PAID 15/9/					
	PURCHASE	50000+27076	5600001	6 750.00		631 506.31
26 9	12.0000 BANK OF AMERICA					
	PURCHASE	100000+27077	5600001	101 000.00		732 506.31
2 12	9.2500 EMI FINANCE BV					
	REIMBURSEMENT	20000-27098	5600001		20 200.00	
2 12	9.2500 EMI FINANCE BV					
	GAIN		762701	200.00		712 506.31
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	SALE	10000- 8350	5600001		11 700.00	
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	GAIN		762701	574.92		
15 12	14.7500 UNION CARBIDE					
	SALE	11000- 8356	5600001		11 330.00	
15 12	14.7500 UNION CARBIDE					
	LOSS		762701		55.00	689 996.23
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	SALE	50000-27081	5600001		59 500.00	
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	GAIN		762701	9 205.30		
19 12	1.0870 S.N.C.F. PART PAID 15/9/					
	SALE	50000-27084	5600001		5 562.50	
19 12	1.0870 S.N.C.F. PART PAID 15/9/					
	LOSS		762701		1 187.50	
19 12	7.0000 MITEL CORP. CV EXTL 97					
	SALE	100000-27086	5600001		122 000.00	
19 12	7.0000 MITEL CORP. CV EXTL 97					
	GAIN		762701	15 000.00		
19 12	12.0000 HAMERSON PROP.INV DEVPT					

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CSF INVESTMENTS LTD. HAMILTON, BERMUDA

LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
52701	SECURITIES - STRAUSS TURNBULL (SUITE)					
	SALE	25000-27087	5600001		27 625 00	
19 12 12	0000 HAMERSON PROP.INV DEVPT					
	GAIN		762701	1 687 50		
19 12	HIRAM WALKER					
	SALE	39000-27088	5600001		31 005 00	
19 12	HIRAM WALKER					
	GAIN		762701	1 560 00		
19 12 12	0000 BANK OF AMERICA					
	SALE	100000-27089	5600001		101 000 00	
19 12 11	5000 CANADA					
	SALE	75000-27091	5600001		84 375 00	
19 12 11	5000 CANADA					
	GAIN		762701	9 375 00		
19 12 11	5000 AUSTRALIAN IND DEVPT C					
	SALE	90000-27092	5600001		99 450 00	
19 12 11	5000 AUSTRALIAN IND DEVPT C					
	GAIN		762701	4 842 46		
19 12	9 0000 R.H.M. OVERSEAS FINANCE					
	SALE	100000-27093	5600001		100 500 00	
19 12	9 0000 R.H.M. OVERSEAS FINANCE					
	GAIN		762701	500 00		
19 12	7 7500 SONY CORPN. EX WARRANTS					
	SALE	75000-27095	5600001		75 000 00	
19 12	7 7500 SONY CORPN. EX WARRANTS					
	GAIN		762701	10 038 51		
19 12	9 8750 PROCTER & GAMBLE COMPANY					
	SALE	35000-27097	5600001		37 275 00	
19 12	9 8750 PROCTER & GAMBLE COMPANY					
	GAIN		762701	2 275 00		0 00
	TRANSACT. & BALANCE			978 724 57	978 724 57	0 00

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A/C		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
552703		****** SECURITIES - STRAUSS TURNBULL		DM.				
22	10	7.2500 KINGDOM OF SWEDEN						
		PURCHASE	10000+	8091	5600003	10 450 00		10 450 00
15	12	7.2500 KINGDOM OF SWEDEN						
		SALE	10000-	8343	5600003		10 550 00	
15	12	7.2500 KINGDOM OF SWEDEN						
		GAIN		762703		100 00		0 00
		TRANSACT. & BALANCE				10 550 00	10 550 00	0 00
5600000		****** CASH ACCOUNT		FS				
1	1	BROUGHT FORWARD	313200-		686 335 00-	1 680 86		1 680 86
3	1	PN 8315 INT. DECEMBER 1985		5010	772100	324 00		2 004 86
5	2	PN 8315 INT JAN 86		1180	772100	324 00		2 328 86
5	3	PN 8315 INT FEB.		1355	772100	292 64		2 621 50
31	3	1.7500 SUMITOMO EL. IND. CV						
		CREDIT INTEREST	10000+	5400	09JSU E	87 50		2 709 00
1	4	6 0000 WORLD BANK						
		CREDIT INTEREST 22/3/86	60000+	6418	183WORB	3 600 00		6 309 00
2	4	6.7500 VILLE DE LAVAL						
		CREDIT INTEREST	30000+	6013	09JVILL	2 025 00		8 334 00
4	4	1.7500 SUMITOMO EL. IND. CV						
		SALE	10000+	9002	09JSU E	13 408 69		
4	4	1.7500 SUMITOMO EL. IND. CV						
		CREDIT INTEREST	10000+	9002	09JSU E	1 94		21 744 63
7	4	PN 8315 INT. MARCH 86		6017	772100	324 00		22 068 63
9	4	1.8750 ITOHAM FOODS INC. SFR WT						
		PURCHASE	10000-	6072	09JITOH		9 940 00	
9	4	1.8750 ITOHAM FOODS INC. SFR WT						
		SALE	10000+	6072	09JITOH	11 413 51		23 542 14
29	4	PMT INV. 1183		6105	100000		5 000 00	18 542 14
1	5	PN 8315 INT. APRIL 86		6132	772100	313 54		18 855 68
9	6	PN 8315 INT. MAY 86		6297	772100	313 54		19 169 22

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LEDGER FROM 01 01 86 TO 31 12 86

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CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600000	CASH ACCOUNT (SUITE)						
8 7	8750 ELECTRO CHEMICAL (EX DEN						
	PURCHASE	10000-	9008	09JDENK		9 955.00	9 214.22
14 7	PN 8315 INT. JUNE 86		7038	772100	313.54		9 527.76
21 7	PMI INV 1321		7081	100000		3 000.00	6 527.76
30 7	8750 AOKI CORPORATION OSAKA (						
	PURCHASE	6000-16033		16JAOKI		5 973.00	554.76
6 8	PN 8315 INT. JULY 86		7167	772100	324.00		878.76
8 9	PN 8315 INT. AUGUST 86		7341	772100	324.00		1 202.76
12 9	8750 AOKI CORPORATION OSAKA (						
	SALE	6000+16042		16JAOKI	6 090.00		
12 9	8750 AOKI CORPORATION OSAKA (						
	ACCRUED INTEREST	6000+16042		16JAOKI	6.14		7 298.90
3 10	PN 8315 INT. SEPTEMBER 1986		8004	772100	313.54		7 612.44
10 10	5.6250 MITSUBA ELECTRIC MFG						
	CREDIT INTEREST	25000+	8027	09JMELC	1 406.25		9 018.69
15 10	5.6250 ISHII FOOD CO.						
	CREDIT INTEREST	19000+	8035	09JISHI	1 068.75		10 087.44
22 10	DM/SER AT 0.8275		8091	101000	10 972.39-	9 079.65	1 007.79
6 11	PN 8315 INT. OCTOBER 86		8149	772100	324.00		1 331.79
8 11	8750 ELECTRO CHEMICAL (EX DEN						
	SALE	10000+	9012	09JDENK	9 005.32		
15 11	8750 ELECTRO CHEMICAL (EX DEN						
	ACCRUED INTEREST	10000+	9012	09JDENK	31.60		10 368.71
4 12	PN 8315 INT. NOVEMBER 86		8290	772100	313.54		
4 12	6.2500 PN 8315 : 6 YEARS						
	PN 8315 REIMBURSEMENT	60200+	8324	5335315	60 200.00		70 882.25
15 12	5.6250 ISHII FOOD CO.						
	SALE	19000+	8338	09JISHI	19 095.00		
15 12	5.6250 ISHII FOOD CO.						
	CREDIT INTEREST	19000+	8338	09JISHI	178.61		90 155.86
18 12	6.7500 VILLE DE LAVAL						
	SALE	30000+	9015	09JVILL	29 759.35		
18 12	6.7500 VILLE DE LAVAL						
	CREDIT INTEREST	30000+	9015	09JVILL	1 440.00		
18 12	5.6250 MITSUBA ELECTRIC MFG						
	SALE	25000+	9014	09JMELC	24 869.03		

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86 II 03098

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600000	CASH ACCOUNT (SUITE)						
18 12	5.6250 MITSUBA ELECTRIC MFG						
	CREDIT INTEREST	25000+	9014 09	JMELC	265.63		146 489 87
19 12	6.0000 WORLD BANK						
	SALE	60000+	8326 18	JWORB	61 800.00		
19 12	6.0000 WORLD BANK						
	CREDIT INTEREST	60000+	8326 18	JWORB	2 670.00		210 959.87
23 12	SFR/US$ AT 1.6625		8418 101000	126 893.15-		210 959.87	0.00
	TRANSACT. & BALANCE	195000+		824 200.54-	253 907.52	253 907.52	0.00
5600001	****** CASH ACCOUNT US$						
1 1	BROUGHT FORWARD	605701-		210 720.00-	1 364.96		1 364.96
8 1	MGT FEES 4TH QUARTER 1985		5001 101001			1 346.44	18.52
13 1	KOMONI PRINTING WTS DUE 20/12/89						
	PURCHASE	5-22011	22KOMO			1 900.00	1 881.48-
15 1	14.1250 KELLOGS						
	CREDIT INTEREST	25000+	5030 27	JKELLO	2 812.50		931.02
17 1	SAFE CUSTODY CHARGE		5135 101001			145.43	785.59
5 2	EMERY AIR FREIGHT CORP						
	SALE	1000+	5330 14	EAF	18 628.92		19 414.51
7 2	TR FROM LAKE RESOURCES		5255 100001		165 000.00		184 414.51
10 2	EMERY AIR FREIGHT CORP						
	SALE	1000+	14041 14	EAF	18 334.38		202 748.89
11 2	BATTLE MOUNTAIN GOLD CO						
	PURCHASE	1500-	14042 14	BMGC		21 937.50	180 811.39
14 2	EMERY AIR FREIGHT CORP						
	DIVIDEND	2000+	5333 14	EAF	175.00		180 986.39
18 2	ALA MOANA HAWAII						
	RED. PURCH. PRICE		5332 14	ALA	4 500.00		185 486.39
19 2	KOMONI PRINTING WTS DUE 20/12/89						
	SALE	5+	22015 22	KOMO	2 300.00		187 786.39
28 2	11.5000 AUSTRALIAN IND DEVPT C						
	CREDIT INTEREST	90000+	5299 27	JAIDC	10 350.00		198 136.39
1 3	16.2500 NEW BRUNSWICK ELECTRIC						

4201 KOREL ASSETS # 03099

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD. HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT	(SUITE)				
	CREDIT INTEREST	10000+ 5298 27JNEWB		1 625 00		199 761 39
4 3	LTV CORP					
	PURCHASE	100-14047 14LTV			656 00	199 105 39
6 3	7 7500 CONTINENTAL BANK 07/04/8					
	FIDUCIARY DEPOSIT	175000- 5317 561097A			175 000 00	24 105 39
10 3	MOBIL CORP					
	DIVIDEND	100+ 5435 14MOB		38 50		24 143 89
18 3	BATTLE MOUNTAIN GOLD CO.					
	DIVIDEND	1500+ 5435 14BMGC		26 25		24 170 14
25 3	CHESEBROUGH - PONDS INC					
	DIVIDEND	100+ 5435 14CBM		35 00		24 205 14
26 3	9 2500 EMI FINANCE BV					
	PURCHASE	20000-27043 27JEMI			20 000 00	
26 3	9 2500 EMI FINANCE BV					
	ACCRUED INTEREST	20000-27043 27JEMI			1 752 36	
26 3	LTV CORP.					
	SALE	100+ 5411 14LTV		964 96		3 417 74
28 3	COSFIN B V					
	INVESTMENTS COSFIN NO 4	30000-15222 74JCOS4			30 000 00	26 582 26-
31 3	CALL CHESEBROUGH 100 SH $35					
	SALE	1+22018 22CBMGG		1 237 36		25 344 90-
7 4	7 7500 CONTINENTAL BANK 07/04/8					
	REDEMPTION	175000+ 6015 561097A		175 000 00		
7 4	INTEREST	6015 772201		1 205 56		
7 4	7 2500 CONTINENTAL BANK 09/06/8					
	FIDUCIARY DEPOSIT	176000- 6016 561160A			176 000 00	25 139 34-
8 4	MGT FEES 1ST QUARTER 1986	6001 101001			1 696 66	26 836 00-
9 4	14 1250 KELLOGS					
	SALE	85000+27045 27JKELLO		93 712 50		
9 4	14 1250 KELLOGS					
	CREDIT INTEREST	85000+27045 27JKELLO		2 231 25		
9 4	14 1250 KELLOGS					
	PURCHASE	60000-27044 27JKELLO			66 975 00	
9 4	14 1250 KELLOGS					
	DEBIT INTEREST	60000-27044 27JKELLO			1 575 00	557 75
14 4	US$/AU$ AT .7168	6033 101001	19 732 97-		14 144 59	13 586 84-

4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)				
15 4	9.2500 EMI FINANCE BV				
	CREDIT INTEREST	20000+ 6436 271EMI	1 850.00		11 736.84-
18 4	TR. TO K. RASHID (GULF MARKETING)	6057 100001		31 827.64	43 564.48-
22 4	NEW FUNDS	6087 100001	50 000.00		6 435.52
25 4	INTEREST	6434 772201	44.29		6 479.81
1 5	XIDEX CORP.				
	SALE	500+13005 13XID	9 282.50		15 762.31
2 5	CHESEBROUGH - PONDS INC				
	SALE	100+14063 14CBM	4 895.64		20 657.95
6 5	8.5000 SOCIETE GENERALE WARRANT				
	PURCHASE	50-27053 271SGWT		6 350.00	
6 5	8.5000 SOCIETE GENERALE WARRANT				
	ACCRUED INT.	50-27053 271SGWT		55.48	14 252.47
9 5	TRANSFER	6196 100001	7 439.78		
9 5	6.6250 I.B.M. CREDIT CORP.				
	ADJ. PURCHASE	4000+16022 161IBM	3 995.00		
9 5	6.6250 I.B.M. CREDIT CORP.				
	ADJ. ACCRUED INT.	4000+16022 161IBM	0.74		25 687.99
20 5	NEW FUNDS	6189 100001	26 490.00		52 177.99
2 6	NEW FUNDS	6269 100001	79 167.00		131 344.99
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	125000- 6290 661000K		125 000.00	
9 6	7.2500 CONTINENTAL BANK 09/06/8				
	REDEMPTION	176000+ 6317 561160A	176 000.00		
9 6	INTEREST	6317 772201	2 233.00		
9 6	7.0625 CONTINENTAL BANK 09/07/8				
	FIDUCIARY DEPOSIT	178000- 6318 561190B		178 000.00	6 577.99
10 6	MOBIL CORP				
	DIVIDEND	100+ 6441 14MOB	38.50		6 616.49
16 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	125000+ 6320 661000K	125 000.00		
16 6	14.7500 UNION CARBIDE				
	PURCHASE	11000-27059 271UNCA		11 385.00	
16 6	14.7500 UNION CARBIDE				
	ACCRUED INT	11000-27059 271UNCA		202.81	
16 6	CALL INT.	6384 772201	145.83		

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)				
16 6	FOSTER WHEELER CORP				
	DIVIDEND	400+ 6441 14FWC	30 80		120 205 31
18 6	BATTLE MOUNTAIN GOLD CO				
	DIVIDEND	1500+ 6441 14BMGC	26 25		
18 6	5.2500 RNB NEW YORK CALL				
	ON CALL	30000- 6446 611600		30 000 00	90 231 56
19 6	TR FROM DEFEX	6422 100001	11 183 00		101 414 56
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	100000- 6361 661000K		100 000 00	1 414 56
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000+ 6383 661000K	100 000 00		
24 6	CALL INT	6414 772201	50 00		
24 6	CALL INT	6414 772201	16 66		101 481 22
2 7	HIRAM WALKER				
	PURCHASE	130000-27066 273HIWA		98 150 00	
2 7	TR TO ALBON VALVES CORP	7015 100001		2 305 32	
2 7	5.2500 RNB NEW YORK CALL				
	OFF CALL	30000+ 7175 611600	30 000 00		31 025 90
7 7	5.2500 RNB NEW YORK CALL				
	ON CALL	30000- 7175 611600		30 000 00	
7 7	MGT FEES 2ND QUARTER 1986	7001 101001		2 478 35	1 452 45-
9 7	7.0625 CONTINENTAL BANK 09/07/8				
	REDEMPTION	178000+ 7025 561190B	178 000 00		
9 7	INTEREST	7025 772201	1 047 42		
9 7	6.8750 CONTINENTAL BANK 11.08.8				
	FIDUCIARY DEPOSIT	179000- 7026 561223A		179 000 00	
9 7	CALL INTEREST JUNE	7078 772201	69 45		1 335 58-
15 7	9.7500 BOWATER CORPORATION				
	CREDIT INTEREST	15000+ 7065 273BOWA	1 462 50		
15 7	9.7500 BOWATER CORPORATION				
	REDEMPTION	15000+27070 273BOWA	15 000 00		
15 7	5.2500 RNB NEW YORK CALL				
	ON CALL	80000- 7175 611600		80 000 00	64 873 08-
18 7	HIRAM WALKER				
	SALE	91000+27067 273HIWA	70 297 50		5 424 42
21 7	8.5000 SOCIETE GENERALE WARRANT				

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LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE) H 03102				
	SALE	75+27069 271SGWT	9 891 04		15 315 46
28 7	PMT KLINIK BUCHINGER AM BODENSEE	7117 100001		769 79	
28 7	BANK CHARGES	7117 673701		1 16	14 544 51
31 7	CALL INTEREST	7206 772201	351 77		14 896 28
1 8	15 2500 PROV. OF NOVA SCOTIA				
	INTEREST	50000+ 7351 141NOVA	7 625 00		22 521 28
11 8	6 8750 CONTINENTAL BANK 11 08 8				
	REDEMPTION	179000+ 7187 561223A	179 000 00		
11 8	INTEREST	7187 772201	1 128 08		
11 8	6 3750 CONTINENTAL BANK 11 09 8				
	FIDUCIARY DEPOSIT	180000- 7188 561254A		180 000 00	22 649 36
18 8	6 0000 R N B 02/09/86				
	FIDUCIARY DEPOSIT	110000- 7356 611245A		110 000 00	87 350 64-
21 8	5 2500 RNB NEW YORK CALL				
	OFF CALL	110000+ 7353 611J600	110 000 00		22 649 36
28 8	5 2500 RNB NEW YORK CALL				
	ON CALL	110000- 7353 611J600		110 000 00	87 350 64-
29 8	5 2500 RNB NEW YORK CALL				
	OFF CALL	110000+ 7353 611J600	110 000 00		
29 8	5 3750 R N B 03/09/86				
	FIDUCIARY DEPOSIT	110000- 7358 611246A		110 000 00	87 350 64-
2 9	TRANSFER FM U.B.S. FRIBOURG	7286 100001	258 398 00		
2 9	6 0000 R.N.B. 02/09/86				
	REDEMPTION	110000+ 7357 611245A	110 000 00		
2 9	INTEREST	7357 772201	271 23		281 318 59
3 9	5 3750 R N B 03/09/86				
	REDEMPTION	110000+ 7369 611246A	110 000 00		
3 9	INTEREST	7369 772201	80 99		
3 9	15 0000 SPERRY RAND CURACAO				
	CREDIT INTEREST	50000+ 7435 141SPER	7 500 00		398 899 58
5 9	7 0000 COSFIN BV				
	INVESTMENT	250000- 3519 741COSS		250 000 00	
5 9	7 0000 COSFIN BV				
	INVESTMENT	40000- 3519 741COSS		40 000 00	
5 9	15 0000 SPERRY RAND CURACAO				
	SALE	50000+14094 141SPER	50 750 00		159 649 58

CSF INVESTMENTS LTD
HAMILTON BERMUDA

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LEDGER FROM 01 01 86 TO 31 12 86

A/C		NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001		CASH ACCOUNT (SUITE)					
8	9	CALL INT.	7371 772201		346.58		159 996.16
9	9	US$/AU$ AT 0.6325	24001 101001	23 799.82-		15 053.39	
9	9	BATTLE MOUNTAIN GOLD CO. SALE	750+14083 14BMGC		13 950.00		158 892.77
10	9	9.0000 R.H.M. OVERSEAS FINANCE PURCHASE	100000-27075 27JRHM			100 000.00	
10	9	9.0000 R.H.M. OVERSEAS FINANCE ACCRUED INTEREST	100000-27075 27JRHM			625.00	
10	9	MOBIL CORP DIVIDEND	100+ 7435 14MOB		38.50		58 306.27
11	9	6.3750 CONTINENTAL BANK 11.09.8 REDEMPTION	180000+ 7315 561254A		180 000.00		
11	9	ACCRUED INTEREST	7315 772201		988.13		
11	9	5.2500 RNB NEW YORK CALL ON CALL	110000- 7438 611J600			110 000.00	129 294.40
12	9	MOBIL CORP SALE	100+14089 14MOB		3 841.54		133 135.94
15	9	FOSTER WHEELER CORP DIVIDEND	400+ 7435 14FWC		30.80		133 166.74
16	9	1.0870 S.N.C.F. PART PAID 15/9/ PURCHASE	50000-27076 27JSNCF			6 750.00	
16	9	1.0870 S.N.C.F. PART PAID 15/9/ ACCRUED INTEREST	50000-27076 77JSNCF			1.51	126 415.23
18	9	US$/HK$ AT 7.8035	7364 101001			17 356.38	
18	9	BATTLE MOUNTAIN GOLD CO. DIVIDEND	1500+ 7435 14BMGC		26.25		109 085.10
19	9	MCI COMMUNICATIONS CORP PURCHASE	500-14085 14MCIC			3 812.50	105 272.60
24	9	AU$/US$ AT .6375	7378 101001	9 091.36-		5 795.74	
24	9	BATTLE MOUNTAIN GOLD CO. SALE	510+14092 14BMGC		9 881.25		109 358.11
25	9	BATTLE MOUNTAIN GOLD CO. SALE	240+14088 14BMGC		4 650.00		114 008.11
26	9	12.0000 BANK OF AMERICA PURCHASE	100000-27077 27JBOA			101 000.00	
26	9	12.0000 BANK OF AMERICA					

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)				
	ACCRUED INTEREST	100000-	27077 27]BOA			5 366.66	7 641 4
29 9	MCI COMMUNICATIONS CORP						
	SALE	60+	14091 14MCIC		472 50		8 113 9
7 10	CALL INTEREST		8029 772201	# 03104	300 61		8 414 5
15 10	MGT FEES 3RD QUARTER 1986		8001 101001			2 926.01	5 488 5
16 10	UNIT DRILLING & EXPL. CO.						
	EXCHANGE	800+	8204 13UDE		2 500 00		
16 10	UNIT CORPORATION						
	EXCHANGE	800-	8204 13UNC			2 500.00	5 488 5
3 11	CALL INTEREST		8193 772201		490 48		5 979 0
7 11	INTEREST COSS 5/9-31/10/86		4203 772301		3 114.51		9 093 5
10 11	5.2500 RNB NEW YORK CALL						
	OFF CALL	110000+	8199 611]600		110 000 00		119 093 5
12 11	CITIZENS FINANCIAL GROUP INC						
	PURCHASE	1000-	14100 14CITN			37 838 03	81 255 5
25 11	MKF/US$ AT 20.455		22026 101001	340 285.70-		69 605.44	11 650 0
1 12	7.0000 MITEL CORP. CV EXTL 97						
	INTEREST	100000+	8362 27]MIT		7 000 00		18 650 0
2 12	9.2500 EMI FINANCE BV						
	REIMBURSEMENT	20000+	27098 27]EMI		20 200 00		
2 12	9 2500 EMI FINANCE BV						
	ACCRUED INT.	20000+	27098 27]EMI		1 166 52		40 016 5
11 12	COSFIN B.V.						
	REDEMPTION	31949+	4435 74]COS4		31 949 32		
11 12	7.0000 COSFIN BV						
	REDEMPTION	290000+	4436 74]COS5		290 000 00		
11 12	]COS5 INT FROM 1/11/86		4436 772301		2 280 27		364 246 1
15 12	16.2500 NEW BRUNSWICK ELECTRIC						
	SALE	10000+	8350 27]NEWB		11 700 00		
15 12	16.2500 NEW BRUNSWICK ELECTRIC						
	CREDIT INTEREST	10000+	8350 27]NEWB		1 304 51		
15 12	14.7500 UNION CARBIDE						
	SALE	11000+	8356 27]UNCA		11 330 00		
15 12	14 7500 UNION CARBIDE						
	CREDIT INTEREST	11000+	8356 27]UNCA		1 027 58		
15 12	9 8750 PROCTER & GAMBLE COMPANY						

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
	INTEREST	35000+ 8360 27JPROC	3 456 25		
15 12	FOSTER WHEELER CORP				
	DIVIDEND	400+ 8487 14FWC	30 80		393 095 32
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	1000+14101 14CITN	37 762 70		
17 12	FOSTER WHEELER CORP				
	SALE	400+14102 14FWC	5 016 02		
17 12	MCI COMMUNICATIONS CORP			H 03105	
	SALE	440+14105 14MCIC	3 135 00		
17 12	PAN AMERICAN WORLD AIRWAY LTD				
	SALE	200+14106 14PN	944 50		
17 12	ALA MOANA HAWAII				
	SALE	3000+14110 14ALA	1 199 52		441 153 06
19 12	12 1250 PRUDENTIAL REALTY SEC 'S				
	SALE	50000+27081 27JPRUR	59 500 00		
19 12	12 1250 PRUDENTIAL REALTY SEC 'S				
	CREDIT INTEREST	50000+27081 27JPRUR		5 624 65	
19 12	1 0870 S.N.C.F. PART PAID 15/9/				
	SALE	50000+27084 27JSNCF	5 562 50		
19 12	1 0870 S.N.C.F. PART PAID 15/9/				
	CREDIT INTEREST	50000+27084 27JSNCF		141 98	
19 12	7 0000 MITEL CORP. CV EXTL 97				
	SALE	100000+27086 27JMIT	122 000 00		
19 12	7 0000 MITEL CORP. CV EXTL 97				
	CREDIT INTEREST	100000+27086 27JMIT		350 00	
19 12	12 0000 HAMERSON PROP INV DEVPT				
	SALE	25000+27087 27JHAME	27 625 00		
19 12	12 0000 HAMERSON PROP INV DEVPT				
	CREDIT INTEREST	25000+27087 27JHAME		2 925 00	
19 12	HIRAM WALKER				
	SALE	39000+27088 27JHIWA	31 005 00		
19 12	12 0000 BANK OF AMERICA				
	SALE	100000+27089 27JBOA	101 000 00		
19 12	12 0000 BANK OF AMERICA				
	CREDIT INTEREST	100000+27089 27JBOA		8 133 33	
19 12	11.5000 CANADA				

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4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON 2 BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)				
	SALE	75000+27091	271CANA		84 375 00		
19 12	11 5000 CANADA						
	CREDIT INTEREST	75000+27091	271CANA		6 396 88		
19 12	11 5000 AUSTRALIAN IND DEVPT C						
	SALE	90000+27092	271AIDC		99 450 00		
19 12	11 5000 AUSTRALIAN IND DEVPT C						
	CREDIT INTEREST	90000+27092	271AIDC		8 366 25		
19 12	9 0000 R H M OVERSEAS FINANCE						
	SALE	100000+27093	271RHM		100 500 00		
19 12	9 0000 R H M OVERSEAS FINANCE						# 03106
	CREDIT INTEREST	100000+27093	271RHM		3 100 00		
19 12	7 7500 SONY CORPN EX WARRANTS						
	SALE	75000+27095	271SON		75 000 00		
19 12	7 7500 SONY CORPN EX WARRANTS						
	CREDIT INTEREST	75000+27095	271SON		3 697 40		
19 12	9 8750 PROCTER & GAMBLE COMPANY						
	SALE	35000+27097	271PROC		37 275 00		
19 12	9 8750 PROCTER & GAMBLE COMPANY						
	CREDIT INTEREST	35000+27097	271PROC		38 40		
19 12	15 2500 PROV OF NOVA SCOTIA						
	SALE	50000+14116	141NOVA		57 500 00		
19 12	15 2500 PROV OF NOVA SCOTIA						
	CREDIT INTEREST	50000+14116	141NOVA		2 922 92		1 283 642 37
22 12	UNIT CORPORATION						
	SALE	800+13008	13UNC		935 96		
22 12	XIDEX CORP						
	SALE	500+13009	13XID		5 710 00		
22 12	6 6250 I B M CREDIT CORP						
	SALE	6000+16051	161IBM		5 970 00		
22 12	6 6250 I B M CREDIT CORP						
	CREDIT INTEREST	6000+16051	161IBM		247 33		1 296 505 66
23 12	SFR/US$ AT 1.6625	8418	101001	210 959 87+	126 893 15		
23 12	DM/US$ AT 1.9858	8418	101001	11 188 40+	5 634 20		
23 12	YEN/US$ AT 1.9858	8418	101001	800 474 50+	4 907 87		
23 12	MKF/US$ AT 4.909	8418	101001	300 000 00+	61 112 24		
23 12	HK$/US$ AT 7.801	8418	101001	163 089 01+	20 906 16		

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT (SUITE)					
23 12	AU$/US$ AT 7 801	8418 101001	51 266 73+	34 221 16		
23 12	MGT FEES 4TH QUARTER 86	8428 101001			3 144 69	1 547 035 75
30 12	6 4375 CIBC CERTIFICATES DEPOSI PURCHASE	1546000- 8475 081CD			1 546 000 00	1 035 75
	TRANSACT. & BALANCE	584076-	933 348 66+	4 217 465 63	4 216 429 88	1 035 75
5600003	****** CASH ACCOUNT	DM				
						# 03107
22 10	7.2500 KINGDOM OF SWEDEN ACCRUED INTEREST	10000- 8091 271SWED			522 39	
22 10	7.2500 KINGDOM OF SWEDEN PURCHASE	10000- 8091 271SWED			10 450 00	
22 10	DM/SFR AT 0.8275	8091 101003	9 079 65+	10 972 39		0 00
15 12	7.2500 KINGDOM OF SWEDEN SALE	10000+ 8343 271SWED		10 550 00		
15 12	7.2500 KINGDOM OF SWEDEN CREDIT INTEREST	10000+ 8343 271SWED		638 40		11 188 40
23 12	DM./US$ AT 1.9858	8418 101003	5 634 20-		11 188 40	0 00
	TRANSACT. & BALANCE		3 445 45+	22 160 79	22 160 79	0 00
5600010	****** CASH ACCOUNT	YEN				
1 1	BROUGHT FORWARD	200550-	7 800 00+	371 227 00		371 227 00
22 1	TEIKOKU TSUSHIN (6763) DIVIDEND	550+ 5154 15TEIKO		1 540 00		
22 1	SAFE CUSTODY CHARGES	5154 101010			106 00	372 661 00
28 1	TOYODA MACHINE WORKS PURCHASE	400-20008 20TOMA			381 780 00	9 119 00-
30 4	TOYODA MACHINE WORKS SALE	400+20016 20TOMA		382 908 00		
30 4	PROXY FEE	6443 673710			43 00	373 746 00
6 6	TOKIO MARINE FIRE					

4201 KOREL ASSETS LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600010	CASH ACCOUNT	(SUITE)			
	PURCHASE	300-15041 15TOKI		372 368 00	1 378 00
1 7	7 1250 PROVINCE OF NEW BRUNSWIC				
	CREDIT INTEREST	100000+ 7156 16JNEW	7 125 00		8 503 00
15 7	TOKIO MARINE FIRE				
	SALE	300+15047 15TOKI	384 330 00		
15 7	TEIKOKU TSUSHIN (6763)				
	SALE	550+15045 15TEIKO	303 776 00		696 609 00
17 7	TEIKOKU TSUSHIN (6763)				
	DIVIDEND	550+ 7323 15TEIKO	1 540 00		698 149 00
23 7	TOYODA MACHINE WORKS				
	DIVIDEND	400+ 7141 20TOMA	1 870 00		700 019 00
4 8	3 6000 SHIMACHU CO .LTD				
	PURCHASE	300000-60340 16JSHIM		426 384 00	
4 8	3 6000 SHIMACHU CO .LTD				
	ACCRUED INTEREST	300000-60340 16JSHIM		4 180 92	
4 8	4 8000 MAZDA CV				
	PURCHASE	200000-21086 21JMAZD		217 296 00	
4 8	4 8000 MAZDA CV				
	ACCRUED INTEREST	200000-21086 21JMAZD		2 019 94	50 138 14
11 8	SUMITOMO MARINE				
	PURCHASE	40-21089 21SUMAR		40 304 00	9 834 14
19 8	SUMITOMO MARINE				
	SALE	40+21094 21SUMAR	44 964 52		
19 8	NIPPON SHEET GLASS				
	PURCHASE	50-21093 21NISH		40 129 10	14 669 56
27 8	4 8000 MAZDA CV				
	SALE	200000+21104 21JMAZD	231 099 74		
27 8	4 8000 MAZDA CV				
	ACCRUED INTEREST	200000+21104 21JMAZD	2 503 89		248 273 14
30 8	3 6000 SHIMACHU CO .LTD				
	INTEREST	300000+ 7274 16JSHIM	4 320 00		252 593 19
16 9	NIPPON SHEET GLASS				
	SALE	50+21107 21NISH	44 442 50		297 035 69
17 9	2 0000 MATSUSHITA EL WORKS CV 3				
	PURCHASE	100000-21109 21JMEW		145 000 00	
17 9	2 0000 MATSUSHITA EL WORKS CV 3				

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CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600010	CASH ACCOUNT (SUITE)						
	ACCRUED INTEREST	100000-21109	21JMEW			83.20	151 952.49
1 10	2 0000 MATSUSHITA EL WORKS CV 3						
	SALE	100000+21112	21JMEW		163 275.76		
1 10	2 0000 MATSUSHITA EL WORKS CV 3						
	ACCRUED INTEREST	100000+21112	21JMEW		144.63		315 372.88
8 12	3 6000 SHIMACHU CO.,LTD.					H 03109	
	SALE	300000+16050	16JSHIM		371 831.25		
8 12	3 6000 SHIMACHU CO.,LTD.						
	ACCRUED INTEREST	300000+16050	16JSHIM		2 636.37		689 840.50
15 12	7 1250 PROVINCE OF NEW BRUNSWIC						
	SALE	100000+ 8332	16JNEW		107 375.00		
15 12	7 1250 PROVINCE OF NEW BRUNSWIC						
	CREDIT INTEREST	100000+ 8332	16JNEW		3 259.00		800 474.50
23 12	YEN/US$ AT 1.9858	8418	101010	4 907.87-		800 474.50	0.00
	TRANSACT. & BALANCE	401500+		2 892.13+	2 430 168.66	2 430 168.66	0.00
5600012	▮▮▮▮▮▮ CASH ACCOUNT		MFK				
25 11	MKF/US$ AT 20.455	22026	101012	69 605.44+	340 285.70		
25 11	POHJOLA (NEWS) B						
	PURCHASE	4000-22026	22POHJ			340 285.70	0.00
22 12	POHJOLA (NEWS) B						
	SALE	4000+22030	22POHJ		300 000.00		300 000.00
23 12	MKF/US$ AT 4.909	8418	101012	61 112.24-		300 000.00	0.00
	TRANSACT. & BALANCE			8 493.20+	640 285.70	640 285.70	0.00
5600017	▮▮▮▮▮▮ CASH ACCOUNT		HK$				
12 9	HONG KONG LAND						
	PURCHASE	20000-24002	24HKL			135 440.50	135 440.50-
18 9	US$/HK$ AT 7.8035	7364	101017		135 440.50		0.00
4 11	DAIRY FARM						

CSF INVESTMENTS LT
HAMILT... BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600017	CASH ACCOUNT		(SUITE)				
	SALE	2000+24005 24DF			4 961.25		
4 11	HONG KONG LAND						
	PURCHASE	764-24006 24HKL				4 960 44	0 81
17 12	HONG KONG LAND						
	SALE	20764+24008 24HKL			134 759.08		
17 12	DAIRY FARM						
	COST ON DAIRY FARM	24007 24DF				6 254 54	
17 12	DAIRY FARM						
	SALE	8000+24007 24DF			34 583 66		163 089 01
23 12	HK$/US$ AT 7.801	8418 101017	20 906 16-			163 089 01	0 00
	TRANSACT. & BALANCE	10000+	20 906 16-		309 744 49	309 744 49	0 00
5600020	****** CASH ACCOUNT		$AU				
7 3	14 2500 SCANDINAVIAN AIRLINE SYS						
	PURCHASE	20000- 5418 22JSAS				19 725 00	
7 3	14 2500 SCANDINAVIAN AIRLINE SYS						
	ACCRUED INT	20000- 5418 22JSAS				7 97	19 732 97
14 4	US$/AU$ AT 7168	6033 101020	14 144 59+		19 732 97		0 00
9 9	US$/AU$ AT 0.6325	24001 101020	15 053 39+		23 799 82		
9 9	TECHNOMIN						
	PURCHASE	50000-24001 24TECH				23 799 82	0 00
23 9	TECHNOMIN						
	PURCHASE	20000-24003 24TECH				9 091 36	9 091 36
24 9	AU$/US$ AT 6375	7378 101020	5 795 74+		9 091 36		0 00
22 12	14 2500 SCANDINAVIAN AIRLINE SYS						
	SALE	20000+22028 22JSAS			20 050 00		
22 12	14 2500 SCANDINAVIAN AIRLINE SYS						
	CREDIT INTEREST	20000+22028 22JSAS			2 264 17		22 314 17
23 12	TECHNOMIN						
	SALE	70000+24009 24TECH			28 952 56		
23 12	AU$/US$ AT 7 801	8418 101020	34 221 16-			51 266 73	0 00
	TRANSACT & BALANCE		772 56+		103 890 88	103 890 88	0 00

4201 KOREL ASSETS
LEDGER

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600300	****** CSF INVOICES		FS			H 03111
24 4	INV 1183		101000		5 000 00	5 000 00-
29 4	PMT INV NO 1183	2158	101000	5 000 00		0 00
16 7	INV 1321		101000		3 000 00	3 000 00-
22 7	PMT INV NO 1321	3115	101000	3 000 00		0 00
	TRANSACT & BALANCE			8 000 00	8 000 00	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
6	▮▮▮▮▮▮ CHARGES	US$			
673701	▮▮▮▮▮▮ BANK CHARGES	US$			
28 7	BANK CHARGES	7117 5600001	1.16		1.16
	TRANSACT. & BALANCE		1.16	0.00	1.16
673710	▮▮▮▮▮▮ BANK CHARGES	YEN			
30 4	PROXY FEE	6443 5600010	43.00		43.00
	TRANSACT. & BALANCE		43.00	0.00	43.00

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CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7	****** INCOME		US$			
760900	****** REAL GAINS/LOSSES - CREDIT SUISSE FS					H 03113
4 4	1 7500 SUMITOMO EL IND CV GAIN	09	JSU E		3 258 69	3 258 69-
9 4	1 8750 ITOHAM FOODS INC SFR WT GAIN	09	JITOH		1 473 51	4 732 20-
18 11	8750 ELECTRO CHEMICAL (EX DEN LOSS	09	JDENK	949 68		3 782 52-
15 12	5 6250 ISHII FOOD CO GAIN	09	JISHI		285 00	4 067 52-
18 12	6 7500 VILLE DE LAVAL LOSS	09	JVILL	240 65		
18 12	5 6250 MITSUBA ELECTRIC MFG LOSS	09	JMELC	7 70		3 819 17-
	TRANSACT & BALANCE			1 198 03	5 017 20	3 819 17-
761301	****** REAL GAINS/LOSSES - ROSE & CO		US$			
1 5	XIDEX CORP GAIN	13	XID		2 782 50	2 782 50-
22 12	UNIT CORPORATION LOSS	13	UNC	1 564 04		
22 12	XIDEX CORP LOSS	13	XID	790 00		428 46-
	TRANSACT & BALANCE			2 354 04	2 782 50	428 46-

4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
761401	****** REAL. GAINS/LOSSES - BEAR STEARNS US$					
					H 03114	
5	2 EMERY AIR FREIGHT CORP					
	GAIN		14EAF		1 663 51	1 663 51
10	2 EMERY AIR FREIGHT CORP.					
	GAIN		14EAF		1 368 96	3 032 47
26	3 LTV CORP.					
	GAIN		14LTV		308 96	3 341 43
2	5 CHESEBROUGH - PONDS INC					
	GAIN		14CBM		841 14	4 182 57
5	9 15 0000 SPERRY RAND CURACAO					
	LOSS		14JSPER	2 750 00		1 432 57
9	9 BATTLE MOUNTAIN GOLD CO.					
	GAIN		14BMGC		2 981 25	4 413 82
12	9 MOBIL CORP					
	GAIN		14MOB		866 54	5 280 36
24	9 BATTLE MOUNTAIN GOLD CO.					
	GAIN		14BMGC		2 422 50	7 702 86
25	9 BATTLE MOUNTAIN GOLD CO.					
	GAIN		14BMGC		1 140 00	8 842 86
29	9 MCI COMMUNICATIONS CORP					
	GAIN		14MCIC		15 00	8 857 86
17	12 CITIZENS FINANCIAL GROUP INC					
	LOSS		14CITN	75 33		
17	12 FOSTER WHEELER CORP					
	LOSS		14FWC	297 76		
17	12 MCI COMMUNICATIONS CORP					
	LOSS		14MCIC	220 00		
17	12 PAN AMERICAN WORLD AIRWAY LTD					
	LOSS		14PN	655 94		
17	12 ALA MOANA HAWAII					
	GAIN		14ALA		599 52	8 208 35
19	12 15 2500 PROV OF NOVA SCOTIA					
	LOSS		14JNOVA	379 01		7 829 34
	TRANSACT & BALANCE			4 378 04	12 207 38	7 829 34

[redacted]

CSF INVESTMENTS LTD
HAMILTON - BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03115

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
761510	[redacted] REAL. GAINS/LOSSES - NIKKO		YEN			
15 7	TOKIO MARINE FIRE GAIN		15TOKI		11 962.00	
15 7	TEIKOKU TSUSHIN (6763) GAIN		15TEIKO		13 376.00	25 338.00-
	TRANSACT. & BALANCE			0.00	25 338.00	25 338.00-
761600	[redacted] REAL. GAINS/LOSSES - NOMURA		FS			
12 9	8750 AOKI CORPORATION OSAKA (GAIN		16JAOKI		117.00	117.00-
	TRANSACT. & BALANCE			0.00	117.00	117.00-
761601	[redacted] REAL. GAINS/LOSSES - NOMURA		US$			
22 12	6.6250 I.B.M. CREDIT CORP. LOSS		16JIBM	22.50		22.50
	TRANSACT. & BALANCE			22.50	0.00	22.50
761610	[redacted] REAL. GAINS/LOSSES - NOMURA		YEN			
8 12	3.6000 SHIMACHU CO.,LTD. LOSS		16JSHIM	54 552.75		54 552.75
15 12	7.1250 PROVINCE OF NEW BRUNSWIC GAIN		16JNEW		4 595.19	49 957.56
	TRANSACT. & BALANCE			54 552.75	4 595.19	49 957.56

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4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
761800	****** REAL. GAINS/LOSSES - MERRILL LYNCH FS				H 03116	
19 12	6 0000 WORLD BANK					
	GAIN		18JWORB		1 800 00	1 800 00
	TRANSACT. & BALANCE			0 00	1 800 00	1 800 00
762010	****** REAL GAINS/LOSSES - WAKO SECURITIE YEN					
30 4	TOYODA MACHINE WORKS					
	GAIN		20TOMA		1 128 00	1 128 00
	TRANSACT. & BALANCE			0 00	1 128 00	1 128 00
762110	****** REAL. GAINS/LOSSES - DAIWA YEN					
19 8	SUMITOMO MARINE					
	GAIN		21SUMAR		4 660 52	4 660 52
27 8	4 8000 MAZDA CV					
	GAIN		21JMAZD		13 803 74	18 464 26
16 9	NIPPON SHEET GLASS					
	GAIN		21NISH		4 313 40	22 777 66
1 10	2 0000 MATSUSHITA EL WORKS CV 3					
	GAIN		21JMEW		18 275 76	41 053 42
	TRANSACT. & BALANCE			0 00	41 053 42	41 053 42
762201	****** REAL. GAINS/LOSSES - MORGAN STANLEY US$					
19 2	KOMONI PRINTING WTS DUE 20/12/89					
	GAIN		22KOMO		400 00	400 00
31 3	CALL CHESEBROUGH 100 SH $35					
	GAIN		22CBMGG		378 16	778 16

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
762201	REAL. GAINS/LOSSES - MORGAN STA		(SUITE)			
	TRANSACT. & BALANCE			0.00	778.16	778.16-
762212	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY MFK					
22 12	POHJOLA (NEWS) B					
	LOSS	22POHJ		40 285.70		40 285.70
	TRANSACT. & BALANCE			40 285.70	0.00	40 285.70
762220	▮▮▮▮▮▮ REAL. GAINS/LOSSES - MORGAN STANLEY $AU					
22 12	14.2500 SCANDINAVIAN AIRLINE SYS					
	GAIN	22JSAS			325.00	325.00-
	TRANSACT. & BALANCE			0.00	325.00	325.00-
762417	▮▮▮▮▮▮ REAL. GAINS/LOSSES - REED STENHOUSE HK$					
4 11	DAIRY FARM					
	GAIN	24DF			1 873.15	1 873.15-
17 12	HONG KONG LAND					
	GAIN	24HKL			9 798.64	
17 12	DAIRY FARM					
	GAIN	24DF			15 976.72	27 648.51-
	TRANSACT. & BALANCE			0.00	27 648.51	27 648.51-

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
				H 03118	
762420	****** REAL GAINS/LOSSES - REED STENHOUSE $AU				
23 12	TECHNOMIN				
	LOSS	24TECH	3 938.62		3 938.62
	TRANSACT. & BALANCE		3 938.62	0.00	3 938.62
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU US$				
9 6	14 1250 KELLOGS				
	GAIN	27JKELLO		1 653.65	
9 6	14 1250 KELLOGS				
	LOSS	27JKELLO	754.24		899.41
15 7	5 7500 BOWATER CORPORATION				
	GAIN	27JBOWA		17.50	881.91
18 7	HIRAM WALKER				
	GAIN	27JHIWA		1 592.50	2 474.41
21 7	6 5000 SOCIETE GENERALE WARRANT				
	GAIN	27JSGWT		266.04	2 740.45
2 12	9 2500 EMI FINANCE BV				
	GAIN	27JEMI		111.25	2 851.70
15 12	16 2500 NEW BRUNSWICK ELECTRIC				
	GAIN	27JNEWE		274.50	3 126.20
15 12	14 7500 UNION CARBIDE				
	LOSS	27JUNCI	5.46		3 120.74
19 12	12 1250 PRUDENTIAL REALTY SEC. S				
	GAIN	27JPRU		201.25	3 321.99
19 12	1 0870 S.N.C.F. PART PAID 1579/				
	LOSS	27JSNCF	1 181.16		2 140.83
19 12	7 0000 MITEL CORP. CV EXTL 97				
	GAIN	27JMIT		1 000.00	3 140.83
19 12	12 0000 HAMERSON PROP INV DEVT				
	GAIN	27JHAMI		1 617.50	4 758.33
19 12	HIRAM WALKER				
	GAIN	27JHIWA		962.00	5 720.33

4101 COREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
762701	REAL GAINS/LOSSES - STRAUSS TU (SUITE)				
12 12	11 5000 CANADA	271CANA		9 375 00	
	GAIN				
	11 5000 U S DOLLAR IND DEPT C	271USDC		1 412 50	
	GAIN				
12 12	9 0000 B.H.M. OVERSEAS FINANCE	271BHM		500 00	
	GAIN				
12 12	7 7500 SONY (OPEN EX WARRANTS	271SON		13 038 21	
	GAIN				
12 12	9 8750 PROCTER & GAMBLE COMPANY	271PROC		2 375 00	36 439 21
	GAIN				
	TRANSACT & BALANCE		1 998 74	58 888 38	36 889 64
762701	****** REAL GAINS/LOSSES - STRAUSS TURNBU DM				
15 12	7 2500 KINGDOM OF SWEDEN				
	GAIN	271SWED		100 00	100 00
	TRANSACT & BALANCE		0 00	100 00	100 00
771100	****** INTEREST EARNED ON BONDS FS				
31 3	1 7500 SUMITOMO EL IND CV				
	CREDIT INTEREST 10000- 5400 5600000			87 50	87 50
1 4	6 0000 WORLD BANK				
	CREDIT INTEREST 22/3/86 60000- 6418 5600000			3 600 00	3 687 50
2 4	6 7500 VILLE DE LAVAL				
	CREDIT INTEREST 30000- 6013 5600000			2 025 00	5 712 50
4 4	1 7500 SUMITOMO EL IND CV				
	CREDIT INTEREST 10000- 9002 5600000			1 94	5 714 44
12 9	8750 AOKI CORPORATION OSAKA (				
	ACCRUED INTEREST 6000-16642 5600000			6 14	5 720 58
18 10	5 6250 MITSUBA ELECTRIC MFG				
	AMORT BDS PREM	8027 *091MELC		26 73	

H 03119

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CSF INVESTMENTS LT
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03120

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
771100	INTEREST EARNED ON BONDS (SUITE)					
10 10	5 6250 MITSUBA ELECTRIC MFG					
	CREDIT INTEREST	25000- 8027	5600000		1 406 25	7 153 5
15 10	5 6250 ISHII FOOD CO					
	CREDIT INTEREST	19000- 8035	5600000		1 068 75	8 222 3
18 11	8750 ELECTRO CHEMICAL (EX DEN					
	ACCRUED INTEREST	10000- 9012	5600000		31 60	8 253 9
15 12	5 6250 ISHII FOOD CO					
	CREDIT INTEREST	19000- 8338	5600000		178 61	8 432 5
18 12	6 7500 VILLE DE LAVAL					
	CREDIT INTEREST	30000- 9015	5600000		1 440 00	
18 12	5 6250 MITSUBA ELECTRIC MFG					
	CREDIT INTEREST	25000- 9014	5600000		265 63	10 138 1
19 12	6 0000 WORLD BANK					
	CREDIT INTEREST	60000- 8326	5600000		2 670 00	12 808 1
	TRANSACT & BALANCE	304000-		0 00	12 808 15	12 808 1
771101	****** INTEREST EARNED ON BONDS US$					
15 1	14 1250 KELLOGS					
	AMORT BDS PREM		5030 101001			
15 1	14 1250 KELLOGS					
	CREDIT INTEREST	25000- 5030	5600001		2 812 50	2 [illegible]
28 2	11 5000 AUSTRALIAN IND DEVPT C					
	AMORT BDS PREM					
28 2	11 5000 AUSTRALIAN IND DEVPT C					
	CREDIT INTEREST	50000-	5600001			
1 3	16 2500 NEW BRUNSWICK ELECTRIC					
	AMORT BDS PREM		5298 101001	299 92		
1 3	16 2500 NEW BRUNSWICK ELECTRIC					
	CREDIT INTEREST	10000- 5298	5600001		1 625 00	13 488 2
26 3	9 2500 EMI FINANCE BV					
	ACCRUED INTEREST	20000-27043	5600001	1 791 56		11 [illegible] 8
4 4	14 1250 KELLOGS					
	CREDIT INTEREST	85000-27045	5600001		2 231 25	

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03121

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS		(SUITE)			
9 4	14.1250 KELLOGS					
	DEBIT INTEREST	60000+27044	5600001	1 575.00		12 392.10-
15 4	9.2500 EMI FINANCE BV					
	CREDIT INTEREST	20000- 6436	5600001		1 850.00	14 242.10-
6 5	8.5000 SOCIETE GENERALE WARRANT					
	ACCRUED INT	50+27053	5600001	55.48		14 186.62-
9 5	6.6250 I.B.M. CREDIT CORP.					
	ADJ. ACCRUED INT	6000-16022	5600001		0.74	14 187.36-
16 6	14.7500 UNION CARBIDE					
	ACCRUED INT	11000+27059	5600001	202.81		13 984.55-
15 7	9.7500 BOWATER CORPORATION					
	CREDIT INTEREST	15000- 7065	5600001		1 462.50	15 447.05-
1 8	15.2500 PROV. OF NOVA SCOTIA					
	AMORT. BDS PREM	7351 #141	NOVA		1 379.01	
1 8	15.2500 PROV. OF NOVA SCOTIA					
	INTEREST	50000- 7351	5600001		7 625.00	24 451.06-
3 9	15.0000 SPERRY RAND CURACAO					
	CREDIT INTEREST	50000- 7435	5600001		7 500.00	31 951.06-
10 9	9.0000 B.H.M. OVERSEAS FINANCE					
	ACCRUED INTEREST	100000+27075	5600001	625.00		31 326.06-
16 9	1.0870 S.N.C.F. PART PAID 15/9/					
	ACCRUED INTEREST	50000+27076	5600001	1.51		31 324.55-
26 9	12.0000 BANK OF AMERICA					
	ACCRUED INTEREST	100000+27077	5600001	5 366.66		25 957.89-
1 12	7.0000 MITEL CORP. CV EXTL 97					
	INTEREST	100000- 8362	5600001		7 000.00	32 957.89-
2 12	9.2500 EMI FINANCE BV					
	ACCRUED INT	20000-27098	5600001		1 166.52	34 124.41-
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	CREDIT INTEREST	10000- 8350	5600001		1 304.51	
15 12	14.7500 UNION CARBIDE					
	CREDIT INTEREST	11000- 8356	5600001		1 027.58	
15 12	9.8750 PROCTER & GAMBLE COMPANY					
	INTEREST	35000- 8360	5600001		3 456.25	39 912.75-
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	CREDIT INTEREST	50000-27081	5600001		5 624.65	

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LT
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS (SUITE)					
19 12	1.0870 S.N.C.F. PART PAID 15/9/					
	CREDIT INTEREST	50000-	27084 5600001		141.98	
19 12	7 0000 MITEL CORP CV EXTL 97					H 03122
	CREDIT INTEREST	100000-	27086 5600001		350.00	
19 12	12.0000 HAMERSON PROP.INV DEVPT					
	CREDIT INTEREST	25000-	27087 5600001		2 925.00	
19 12	12.0000 BANK OF AMERICA					
	CREDIT INTEREST	100000-	27089 5600001		8 133.33	
19 12	11.5000 CANADA					
	CREDIT INTEREST	75000-	27091 5600001		6 396.88	
19 12	11.5000 AUSTRALIAN IND. DEVPT. C					
	CREDIT INTEREST	90000-	27092 5600001		8 366.25	
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	100000-	27093 5600001		3 100.00	
19 12	7.7500 SONY CORPN EX WARRANTS					
	CREDIT INTEREST	75000-	27095 5600001		3 697.40	
19 12	9.8750 PROCTER & GAMBLE COMPANY					
	CREDIT INTEREST	35000-	27097 5600001		38.40	
19 12	15.2500 PROV. OF NOVA SCOTIA					
	CREDIT INTEREST	50000-	14116 5600001		2 922.92	81 609 54
22 12	6 6250 I B M. CREDIT CORP					
	CREDIT INTEREST	6000-	16051 5600001		247.33	81 856 87
	TRANSACT. & BALANCE	939950-		10 878 11	92 735.00	81 856 87
771103	****** INTEREST EARNED ON BONDS		DM			
22 10	7.2500 KINGDOM OF SWEDEN					
	ACCRUED INTEREST	10000+	8091 5600003	522 39		522 39
15 12	7.2500 KINGDOM OF SWEDEN					
	CREDIT INTEREST	10000-	8343 5600003		638.40	116 01
	TRANSACT. & BALANCE			522 39	638.40	116 01

777

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03123

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
771110	****** INTEREST EARNED ON BONDS	YEN			
1 7	7 1250 PROVINCE OF NEW BRUNSWIC				
	AMORT BDS PREM	7146 *	220 19		
1 7	7.1250 PROVINCE OF NEW BRUNSWIC				
	CREDIT INTEREST	100000- 7156 5600010		7 125.00	6 904.81-
4 8	3.6000 SHIMACHU CO.,LTD.				
	ACCRUED INTEREST	300000+60340 5600010	4 180 92		
4 8	4.8000 MAZDA CV				
	ACCRUED INTEREST	200000+21086 5600010	2 019.94		703.95-
27 8	4.8000 MAZDA CV				
	ACCRUED INTEREST	200000-21104 5600010		2 503.89	3 207.84-
30 8	3.6000 SHIMACHU CO.,LTD.				
	INTEREST	300000- 7274 5600010		4 320.00	7 527 84-
17 9	2 0000 MATSUSHITA EL WORKS CV 3				
	ACCRUED INTEREST	100000+21109 5600010	83.20		7 444.64-
1 10	2.0000 MATSUSHITA EL WORKS CV 3				
	ACCRUED INTEREST	100000-21112 5600010		144.63	7 589.27-
8 12	3.6000 SHIMACHU CO.,LTD.				
	ACCRUED INTEREST	300000-16050 5600010		2 636.37	10 225.64-
15 12	7.1250 PROVINCE OF NEW BRUNSWIC				
	CREDIT INTEREST	100000- 8332 5600010		3 259.00	13 484.64-
	TRANSACT. & BALANCE	500000-	6 504.25	19 988.89	13 484.64-
771120	****** INTEREST EARNED ON BONDS	$AU			
7 3	14.2500 SCANDINAVIAN AIRLINE SYS				
	ACCRUED INT	20000+ 5418 5600020	7.97		7.97
22 12	14.2500 SCANDINAVIAN AIRLINE SYS				
	CREDIT INTEREST	20000-22028 5600020		2 264.17	2 256.20-
	TRANSACT. & BALANCE		7.97	2 264.17	2 256.20-

CSF INVESTMENTS LT
HAMILT... BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
771201	▮▮▮▮▮▮ DIVIDENDS	US$			
				H 03124	
14 2	EMERY AIR FREIGHT CORP.				
	DIVIDEND	2000- 5333 5600001		175.00	175.00
10 3	MOBIL CORP				
	DIVIDEND	100- 5435 5600001		38.50	213.50
18 3	BATTLE MOUNTAIN GOLD CO.				
	DIVIDEND	1500- 5435 5600001		26.25	239.75
25 3	CHESEBROUGH - PONDS INC.				
	DIVIDEND	100- 5435 5600001		35.00	274.75
10 6	MOBIL CORP				
	DIVIDEND	100- 6441 5600001		38.50	313.25
16 6	FOSTER WHEELER CORP.				
	DIVIDEND	400- 6441 5600001		30.80	344.05
18 6	BATTLE MOUNTAIN GOLD CO.				
	DIVIDEND	1500- 6441 5600001		26.25	370.30
10 9	MOBIL CORP				
	DIVIDEND	100- 7435 5600001		38.50	408.80
15 9	FOSTER WHEELER CORP.				
	DIVIDEND	400- 7435 5600001		30.80	439.60
18 9	BATTLE MOUNTAIN GOLD CO.				
	DIVIDEND	1500- 7435 5600001		26.25	465.85
15 12	FOSTER WHEELER CORP				
	DIVIDEND	400- 8487 5600001		30.80	496.65
	TRANSACT. & BALANCE	8100-	0.00	496.65	496.65
771210	▮▮▮▮▮▮ DIVIDENDS	YEN			
22 1	TEIKOKU TSUSHIN (6763)				
	DIVIDEND	550- 5154 5600010		1 540.00	1 540.00
17 7	TEIKOKU TSUSHIN (6763)				
	DIVIDEND	550- 7323 5600010		1 540.00	3 080.00
23 7	TOYODA MACHINE WORKS				
	DIVIDEND	400- 7141 5600010		1 870.00	4 950.00

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
771210	DIVIDENDS	(SUITE)			
					H 03125
	TRANSACT. & BALANCE	1500-	0 00	4 950 00	4 950 00-
771212	****** DIVIDENDS	MFK			
	TRANSACT. & BALANCE		0 00	0 00	0 00
772100	****** INTEREST EARNED ON LOANS	FS			
3 1	PN 8315 INT. DECEMBER 1985	5010 5600000		324 00	324 00-
5 2	PN 8315 INT JAN 86	1180 5600000		324 00	648 00-
5 3	PN 8315 INT FEB.	1355 5600000		292 64	940 64-
7 4	PN 8315 INT. MARCH 86	6017 5600000		324 00	1 264 64-
1 5	PN 8315 INT. APRIL 86	6132 5600000		313 54	1 578 18-
9 6	PN 8315 INT. MAY 86	6297 5600000		313 54	1 891 72-
14 7	PN 8315 INT. JUNE 86	7038 5600000		313 54	2 205 26-
6 8	PN 8315 INT. JULY 86	7167 5600000		324 00	2 529 26-
8 9	PN 8315 INT. AUGUST 86	7341 5600000		324 00	2 853 26-
3 10	PN 8315 INT. SEPTEMBER 1986	8004 5600000		313 54	3 166 80-
6 11	PN 8315 INT OCTOBER 86	8149 5600000		324 00	3 490 80-
4 12	PN 8315 INT. NOVEMBER 86	8290 5600000		313 54	3 804 34-
	TRANSACT. & BALANCE		0 00	3 804 34	3 804 34-
772201	****** INTEREST EARNED ON FTD	US$			
7 4	INTEREST	6015 5600001		1 205 56	1 205 56-
25 4	INTEREST	6434 5600001		44 29	1 249 85-
9 6	INTEREST	6317 5600001		2 233 00	3 482 85-
16 6	CALL INT.	6384 5600001		145 83	3 628 68-
24 6	CALL INT	6414 5600001		50 00	
24 6	CALL INT	6414 5600001		16 66	3 695 34-
9 7	INTEREST	7025 5600001		1 047 42	
9 7	CALL INTEREST JUNE	7078 5600001		69 45	4 812 21-

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4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LT
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
772201	INTEREST EARNED ON FTD		(SUITE)			
31 7	CALL INTEREST	7206	5600001		351.77	5 163.98
11 8	INTEREST	7187	5600001	H 03126	1 128.08	6 292.06
2 9	INTEREST	7357	5600001		271.23	6 563.29
3 9	INTEREST	7369	5600001		80.99	6 644.28
8 9	CALL INT.	7371	5600001		346.58	6 990.86
11 9	ACCRUED INTEREST	7315	5600001		988.13	7 978.99
7 10	CALL INTEREST	8029	5600001		300.61	8 279.60
3 11	CALL INTEREST	8193	5600001		490.48	8 770.08
	TRANSACT. & BALANCE			0.00	8 770.08	8 770.08
772301	****** INCOME ON INVESTMENTS		US$			
30 4	COSFIN B.V.					
	INT APRIL AT 10%	250- 2227	74]COS4		250.00	250.00
31 5	COSFIN B.V.					
	INTEREST MAY AT 9.50%	239- 2311	74]COS4		239.48	489.48
30 6	COSFIN B.V.					
	INTEREST JUNE	241- 2476	74]COS4		241.36	730.84
31 7	COSFIN B.V					
	INTEREST JULY	243- 3231	74]COS4		243.29	974.13
31 8	COSFIN B.V					
	INTEREST AUGUST	226- 3296	74]COS4		225.85	1 199.98
30 9	COSFIN B.V.					
	INTEREST SEPT 8.5%	221- 3480	74]COS4		221.00	1 420.98
31 10	COSFIN B.V.					
	INTEREST OCTOBER 8.5%	222- 4146	74]COS4		222.57	1 643.55
7 11	INTEREST COS5 5/9-31/10/86	4203	5600001		3 114.51	4 758.06
30 11	COSFIN B.V.					
	INTEREST	224- 4325	74]COS4		224.14	4 982.20
11 12	COSFIN B.V.					
	INTEREST	82- 4436	74]COS4		81.63	
11 12	]COS5 INT FROM 1/11/86	4436	5600001		2 280.27	7 344.10
	TRANSACT. & BALANCE	1948-		0.00	7 344.10	7 344.10

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4201 KOREL ASSETS LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
						H 03127

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
9	****** TRANSIT ACCOUNT		US$			
	GRAND TOTALS			18 097 412 87	18 097 412 87	0.00

A 03128

H 03129

4201001 ****** KOREL ASSETS CASH US$

A/C	NAME & DESCRIPTION		DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
8	7 ON CALL	260000+	7209	*5606001		260 000.00		260 000.00
24	7 NEW FUNDS		7124	5606001			522 820.00	262 820.00-
26	7 PURCHASE	500+	3108	5900001		29 750.00		
26	7 PURCHASE	50000+	3108	5900001		56 500.00		
26	7 ACCRUED INT	50000+	3108	5900001		7 520.55		
26	7 PURCHASE	50000+	3108	5900001		53 500.00		
26	7 ACCRUED INT	50000+	3108	5900001		6 760.27		
26	7 SFR/US$ AT 2.3470		7120	890001	234 700.00+	100 000.00		8 789.18-
7	8 REDEMPTION SERFID		7155	5900001		8 042.24		
7	8 INT. CALL JULY		7209	*5606001			1 191.67	1 938.61-
9	8 OFF CALL	80000-	7334	*5606001			80 000.00	81 938.61-
15	8 ON CALL	80000+	7334	*5606001		80 000.00		1 938.61-
28	8 OFF CALL	120000-	7334	*5606001			120 000.00	121 938.61-
5	9 OFF CALL	40000-	7404	*5606001			40 000.00	161 938.61-
6	9 PURCHASE	100000+	7356	*5627001		107 000.00		
6	9 ACCRUED INT	100000+	7356	*5627001		5 347.22		
6	9 OFF CALL	100000-	7404	5606001			100 000.00	149 591.39-
7	9 INT. CALL		7342	*5606001			1 406.30	150 997.69-
10	9 DIVIDEND	100-	8039	*5614001			38.50	151 036.19-
16	9 ON CALL	100000+	7404	*5606001		100 000.00		51 036.19-
27	9 ON CALL	40000+	7404	*5606001		40 000.00		11 036.19-
1	10 CHQ TO RICHARD V.. SECORD		8023	*		52 600.00		
1	10 CREDIT INTEREST	50000-	8039	5614001			7 500.00	

CSF INVESTMENTS LTD.

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
4201001	KOREL ASSETS	CASH (SUITE)			
1 10	DIVIDEND	500- 8039 5614001		262 50	
1 10	REDUCTION PURCH PRICE	8039 #5614001		300 00	33 501 31
2 10	9 7500 BOWATER CORPORATION				
	PURCHASE	7000+ 8008 27)BOWA	6 982 50		
2 10	9 7500 BOWATER CORPORATION				
	ACCRUED INT	7000+ 8008 27)BOWA	149 59		
2 10	15 7500 CONTINENTAL ILL. O'SEAS				
	PURCHASE	30000+ 8008 27)CON	31 050 00		
2 10	15 7500 CONTINENTAL ILL. O'SEAS				
	ACCRUED INT	30000+ 8008 27)CON	2 757 33		
2 10	9 7500 BOWATER CORPORATION				# 03130
	PURCHASE	8000+ 8010 27)BOWA	8 000 00		
2 10	9 7500 BOWATER CORPORATION				
	ACCRUED INT	8000+ 8010 27)BOWA	168 82		
2 10	15 7500 CONTINENTAL ILL. O'SEAS				
	PURCHASE	3000+ 8010 27)CON	3 090 00		
2 10	15 7500 CONTINENTAL ILL. O'SEAS				
	ACCRUED INT	3000+ 8010 27)CON	279 62		
2 10					
	PURCHASE	25000+ 8010 27)KELLO	25 937 50		
2 10					
	ACCRUED INT	25000+ 8010 27)KELLO	2 003 42		
2 10	UNIT DRILLING & EXPL. CO.				
	PURCHASE	800+ 8010 13UDE	2 500 00		
2 10	XIDEX CORP.				
	PURCHASE	1000+ 8010 13XID	13 000 00		
2 10	ALA MOANA HAWAII				
	PURCHASE	3000+ 8010 14ALA	5 400 00		
2 10	MOBIL CORP				
	PURCHASE	100+ 8010 14MOB	2 975 00		
2 10	16 2500 NEW BRUNSWICK ELECTRIC				
	PURCHASE	10000+ 8010 27)NEWB	11 425 00		
2 10	16 2500 NEW BRUNSWICK ELECTRIC				
	ACCRUED INT	10000+ 8010 27)NEWB	956 94		150 177 03
5 10	MGT FEES 3RD QUARTER 1985	8001 #720001	1 046 36		151 223 39
10 10	OFF CALL	100000- 8148 #5606001		100 000 00	51 223 39

C.S.F. INVESTMENTS LTD.
HAMILTON, BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
4201001	KOREL ASSETS	CASH	(SUITE)			
15 10	INT CALL SEPT	8075	#5606001		433 00	
15 10	ON CALL	100000+ 8148	#5606001	100 000 00		150 790 39
17 10	REDEMPTION	140000- 8071	999901		140 000 00	10 790 39
22 10	SFR/US$ AT 2 18	8093	890001	23 980 00-	11 000 00	209 61
8 11	PURCHASE	100+14007	#5614001	4 054 50		3 844 89
15 11	INTEREST	8219	#5606001		373 44	3 471 45
22 11	CALL CHESEBROUGH 100 SH $35					
	PURCHASE	1+22009	22CBMGG	859 20		4 330 65
27 11	PURCHASE	35000+27022	#5627001	34 650 00		
27 11	ACCRUED INT	35000+27022	#5627001	9 60		38 990 25
1 12	CREDIT INTEREST	100000- 8271	#5627001		7 000 00	31 990 25
2 12	15 7500 CONTINENTAL ILL. O'SEAS					
	SALE	33000-27019	27JCON		33 742 00	
2 12	15 7500 CONTINENTAL ILL. O'SEAS					
	CREDIT INTEREST	33000-27019	27JCON		3 912 56	5 664 31
10 12	DIVIDEND	100- 8423	#5614001		38 50	5 702 81
16 12	SALE	500-14004	5614001		32 082 66	
16 12	PURCHASE	2000+14004	5614001	33 930 83		
16 12	DIVIDEND	500- 8423	#5614001		262 50	
16 12	DIVIDEND	100- 8423	#5614001		35 00	4 152 14
17 12	PROFIT DISTRIBUTION PHASE IV	8333	999901		100 800 00	104 952 14
19 12	9 8750 COCA COLA COMPANY					
	SALE	35000-27027	27JCOCA		35 262 50	
19 12	9 8750 COCA COLA COMPANY					
	CREDIT INTEREST	35000-27027	27JCOCA		220 82	140 435 46
20 12	9 8750 PROCTER & GAMBLE COMPANY					
	PURCHASE	35000+27026	27JPROC	35 000 00		
20 12	9 8750 PROCTER & GAMBLE COMPANY					
	PURCHASE ACC INT	35000+27026	27JPROC	48 00		105 387 46
24 12	11 5000 AUSTRALIAN IND. DEVPT C					
	PURCHASE	90000+27028	27JAIDC	95 512 50		
24 12	11 5000 AUSTRALIAN IND. DEVPT C					
	ACCRUED INT	90000+27028	27JAIDC	8 510 00		1 364 96
	TRANSACT & BALANCE	605701+		210 720 00+	1 337 316 99	1 338 681 95 1 364 96

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

H 05131

2000 C.S.F. INV. LTD 86 03 13 PAGE 366
LEDGER FROM 01 01 85 TO 31 12 85

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
201010	****** KOREL ASSETS	CASH YEN					
2 10	7.1250 PROVINCE OF NEW BRUNSWIC						
	PURCHASE	100000+	8010 16JNEW		103 000 00		# 03132
2 10	7.1250 PROVINCE OF NEW BRUNSWIC						
	ACCRUED INT	100000+	8010 16JNEW		1 835 00		
2 10	NITTO BOSEKI CO. (3110)						
	PURCHASE	1050+	8010 15NI-BO		380 100 00		
2 10	TEIKOKU TSUSHIN (6763)						
	PURCHASE	550+	8010 15TEIKO		290 400 00		
2 10	CHANGE YEN/SFR		8010 890110	7 800 00-		775 335 00	0 00
6 12	SALE	1050-15020	#5615010			371 227 00	371 227 00-
	TRANSACT. & BALANCE	200550+		7 800 00-	775 335 00	1 146 562 00	371 227 00-
201500	****** KOREL ASSETS	LOANS FS					
26 7	PN 8508	3108 5900500				40 000 00	
26 7	PN 8315	3108 999900				60 200 00	100 200 00-
21 8	PN 8508 PART RBT	3306 #5900500			16 000 00		84 200 00-
2 10	PN 8508 RBT	4031 #5900500			24 000 00		60 200 00-
	TRANSACT. & BALANCE				40 000 00	100 200 00	60 200 00-

Chapter
Footnote 22-11

UNCLASSIFIED

Declassified on 1/2/88
under provisions of E.O. 12356
by Dept. of Justice, Civil Division

4.250

H 1779

MEMORANDUM

TO : Roland Farina
Isabelle Allais

FROM : Willard I. Zucker

RE : Energy Resources

DATE : 10 July 1985

On 29 June 1985, I withdrew from the account of Compagnie de Services Fiduciaires at Republic National Bank of New York US$20,000 = $15,000 in a check and $5,000 in cash. For SERFID, this is simply an exchange and it should be reimbursed the $20,000 plus 1.5%, or $300, to cover loss of interest and handling costs.

Roland, you should make a transfer from the account of ENERGY of $20,300 to SERFID at whichever bank Isabelle needs the money, and in your ENERGY accounting you should take this amount from the profit share of Albert Hakim.

WIZ/ac

4744

UNCLASSIFIED

22-11

See Hearing Exhibit AH-32

22-13

CLASSIFIED AT TIME OF PUBLICATION.

22-14

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

Chap 22-22
Ext

ARTHUR ANDERSEN SA

GENÈVE

AUTHORIZED FOR FILING
ACCOUNT NO. 606451 064
CSF Investments Ltd

To the Shareholders of
CSF Investments, Ltd.:

We have examined the balance sheet of CSF INVESTMENTS, LTD. (a Bermuda Company) as of December 31, 1984 and the related statements of income and retained earnings and changes in financial position for the year then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in note 3, U.S.$8,417,565 are due from the Parent. We have not audited the financial statements of the Parent as of December 31, 1984 and consequently cannot form an opinion as to the ultimate realization of this amount.

In our opinion, subject to the realization of the amounts due from the Parent the financial statements referred to above present fairly the financial position of CSF Investments, Ltd. as of December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN S.A.

Declassified/Released on 1/22/88
under provisions of E.O. Regarding

Geneva, Switzerland,
July 30, 1985.

UNCLASSIFIED

474F

UNCLASSIFIED

CSF INVESTMENTS, LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2216

CASH PROVIDED BY:	
Operations-	
Net income	154,403
Due from parent, at sight	507,338
Accounts receivable	43,864
Due to customers, at sight	194,858
Loans due to customers	3,403,087
	4,303,550
CASH APPLIED TO:	
Advances and loans due from parent	49,856
Due from customers, at sight	863,953
Time deposits	564,268
Marketable securities	363,874
Precious metals	12,150
Advances and loans due from a related company	1,205,479
Advances and loans due from third parties	880,133
Due to parent, at sight	82,195
Accrued expenses	3,960
Reserve on forward contracts	40,943
Dividend paid	12,000
	4,078,811
	224,739
INCREASE (DECREASE) IN CASH:	
Cash with banks and with brokers	(292,483)
Due to banks and brokers	517,222
	224,739

UNCLASSIFIED

The accompanying notes are an integral part of this statement.

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CSF INVESTMENTS, LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2217

INCOME:	
Commission and management fees	230,794
Interest earned	849,781
	1,080,575
EXPENSES:	
Interest expense	755,686
Net realized loss on investments	15,614
Administration expenses	73,085
Other fees and charges	16,387
Exchange loss	65,400
	926,172
Net income	154,403
RETAINED EARNINGS, beginning of year	298,297
Less- Dividend paid	(12,000)
RETAINED EARNINGS, end of year	440,700

UNCLASSIFIED

The accompanying notes are an integral part of this statement.

UNCLASSIFIED

CSF INVESTMENTS, LTD.

BALANCE SHEET - DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2218

A S S E T S

CASH WITH BANKS AND BROKERS		666,646
DUE FROM CUSTOMERS, AT SIGHT		1,070,025
TIME DEPOSITS		751,614
MARKETABLE SECURITIES (Note 2)		571,113
PRECIOUS METAL (Note 2)		68,850
ACCOUNTS RECEIVABLE		31,667
ADVANCES AND LOANS (Note 3):		
Due from parent	8,417,565	
Due from a related company	2,794,479	
Due from third parties	2,131,650	13,343,694
MARKETABLE INVESTMENTS HELD FOR CUSTOMERS' ACCOUNTS (Note 4)		20,727,208
		37,230,817

LIABILITIES AND SHAREHOLDERS' INVESTMENT

DUE TO BANKS AND BROKERS		538
DUE TO CUSTOMERS, AT SIGHT		1,316,264
DUE TO PARENT, AT SIGHT		1,036,117
ACCRUED EXPENSES		73,869
CUSTOMERS' FUNDS UNDER MANAGEMENT (Note 5)		
- Loans due to customers	13,536,121	
- Marketable securities, precious metals and time deposits	20,727,208	34,263,329
		36,690,117
SHAREHOLDERS' INVESTMENT:		
Share capital authorized and outstanding		100,000
Retained earnings		440,700
		540,700
		37,230,817

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The accompanying notes are an integral part of this balance sheet.

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See Final Report Exhibit Chapter 22, Footnote 10

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22-27429

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See Hearing Exhibits EA-22, OLN-203, and OLN-307

Chapter 4
Footnote 22-31

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OK TO ENTER CAF FILE

2445

[redacted] Line: 1

DEC 21 1984 0937
[redacted]

[redacted]
GENEVA, DECEMBER [redacted]
ATTN: MRS N [redacted]
RE: [redacted]
PLEASE TRANSFER THE AMOUNT OF [redacted]
TO CALIFORNIA 1ST BANK
12221 SOUTH NORWALK BLVD
NORWALK
CALIFORNIA
IN FAVOUR OF
[redacted] AND [redacted] ATTORNEYS AND LAW CORPORATION
TRUST ACCOUNT
[redacted]
THANK YOU IN ADVANCE.
SINCERELY,
[redacted]
REGARDS.
[redacted]

[redacted]

REPLY VIA TWX

[redacted]

TWX: [redacted] AT 21 DEC EST
ANSWER BACK: [redacted]

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22-31

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22-50

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Chapter 22, Footnote
SC 0402 53,56

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TELEPHONE
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August 18, 1987

Arthur Liman, Esq.
Counsel to U.S. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Oppos.
901 Hart Senate Office Bldg.
Washington, DC 20510

John W. Nields, Jr., Esq.
Counsel to U.S. House Select Committee to Investigate Covert Arms Transactions with Iran
Room H419, United States Capitol
Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

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August 18, 1987
Page 2

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record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

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SC 0403

August 20, 1987

HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

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circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other

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business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

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all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

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allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

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B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.*

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000**

*We are confident that the Israelis will confirm this requirement.

**Does not include what by this time is a $4 million hull insurance fund.

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SHARP, GREEN & LANKFORD

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 7

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

*Does not include what by this time is a $4 million hull insurance fund.

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E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

*Does not include what by this time is a $4 million hull insurance fund.

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F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

---

*Does not include what by this time is a $4 million hull insurance fund.

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$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000*

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

---

*Does not include what by this time is a $2 million hull insurance fund.

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Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

*Does not include what by this time is a $4 million hull insurance fund.

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second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

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and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

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was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

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supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

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(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

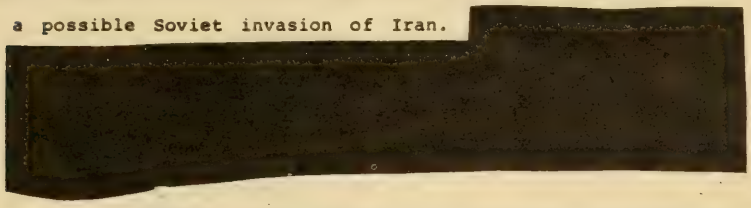
General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

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SC 04077

General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran.



Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

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SC 041...

SHARP, GREEN & LANKFORD

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

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SC 0410

May 26, 1987

4749

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
Committee to Investigate Covert
Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Declassified/Released on 4/22/92
under provisions of E.O. 12356
by D. Regan, National Security Council

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661I and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AK-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AK-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $180.00 per rifle, and they were sold at a 20% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 x 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.5¢ per round for one-half the quantity.

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General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

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SC 04103

ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell $2,346,175

Costs 1,634,901

Profit 711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell $1,235,596

Costs 924,756

Profit 310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell $6,407,512

Costs 5,190,512

Profit 1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell $2,255,200

Costs 2,003,200

Profit 252,000 or 11% gross (12.78% of cost)

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Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

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TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell. $11,782,723

Costs 9,466,412

Profit 2,316,311 or 19.65% gross (24.5% of cost)

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22-59

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Chapter
Footr 22-62

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CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
01 MAI 86

Unsere/Nostra/Nostra/Our REF
ZA 0501-9252-023

DEBIT ADVICE

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT AS PER ORDER OF 30 APR 86

	US$	110,000.00
CHARGES	US$	8.38
VAL 01 MAI 86	US$	110,008.38

Inhaber/Titulaire Titolare/Holder

H 893
ALBON VALUES CORP

Konto/Compte/Conto/Acc No
CURRENT ACCOUNT
[redacted]

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment
REF.TLX NO 9154 86-04-23

BENEFICIARY
[redacted]
GOULDENS CLIENTS ACCT
HOARE'S BANK SORTING CODE
15-99-00 LONDON

TELEX/TELEGRAM TO
HOARE'S BANK

LONDON

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly
SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

Contr. SCED
947

1 No 7788 1.85 1800

Par [redacted] Declassified/Released on 1/23/97
under provisions of E.O. 12356

4750

UNCLASSIFIED

UNCLASSIFIED

4203 ALHERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C NAME & DESCRIPTION

DR NO CONTRA

DEBIT

CREDIT

BALANCE

064401 ****** GOULDENS CLIENTS ACCOUNT

USS

110 000 00

110 000 00

1 S GOULDENS CLIENT

110 000 00

TRANSACT & BALANCE

0 00

II 1073

Declassified/Released on 11/22/95
under provisions of E.O. 12356
by Reger, National Security Council

4751

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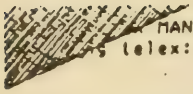
22-65

See Hearing Exhibit OLN-181

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Chapter 22, Footnote 67

22-67



GENEVA, JANUARY 7TH, 1986
ATTN: MRS NANCY MORABIA
RE : CSF INVESTMENTS LTD.

PLEASE TELEX TRANSFER THE AMOUNT OF US DLRS 125'000.--

BY ORDER OF UDALL RESEARCH CORPORATION

H 1553

TO: FIRST UNION NATIONAL BANK
CHARLOTTE - NORTH CAROLINA
ROUTINE TRANSFER NO. 053 000 219

FOR: GREENSBORO - ROUTINE NO. 053 108 580

IN FAVOUR OF JOSEPH H. HAMILTON)ESCROW AGENT
ACCOUNT NO: [redacted]

5000,-

TEST KEY NO 489

THX YOU IN ADVANCE,
BES REGARDS,
CSF INVESTMENTS LTD.
** Start of response **
** Telex sent 17:45:32 07/01/86 **

1/22/88

DATE: 07/01/86
TIME: 17:45:32
REF: 01768

4752

~~023~~421434

023421434+
ITT JAN 07 1146
421434 BLICBANK

4203001 → 5606001
(640201)

428665 CSF CH
CI

42(CSF CH
42 BLICBANK

Republic National Bank of New York
452 Fifth Avenue • New York, New York 10018
WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

FEDERAL FUNDS

DATE 01/06/86

AMOUNT

5046

UDALL RESEARCH CORPORATION RE: GREENSBORO ROUTINE NO. 053108580 RE:
REMITTANCE CREDIT ACCT A/C 0005242405 ING: C S F INVESTMENTS LTD

A/C OF: C S F INVESTMENTS LTD

TOTAL $125,000

DEBIT

MAIL TO ING

C S F INVESTMENTS LTD

ACCT NO [redacted]

AUTHORIZED SIGNATURE

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22-67

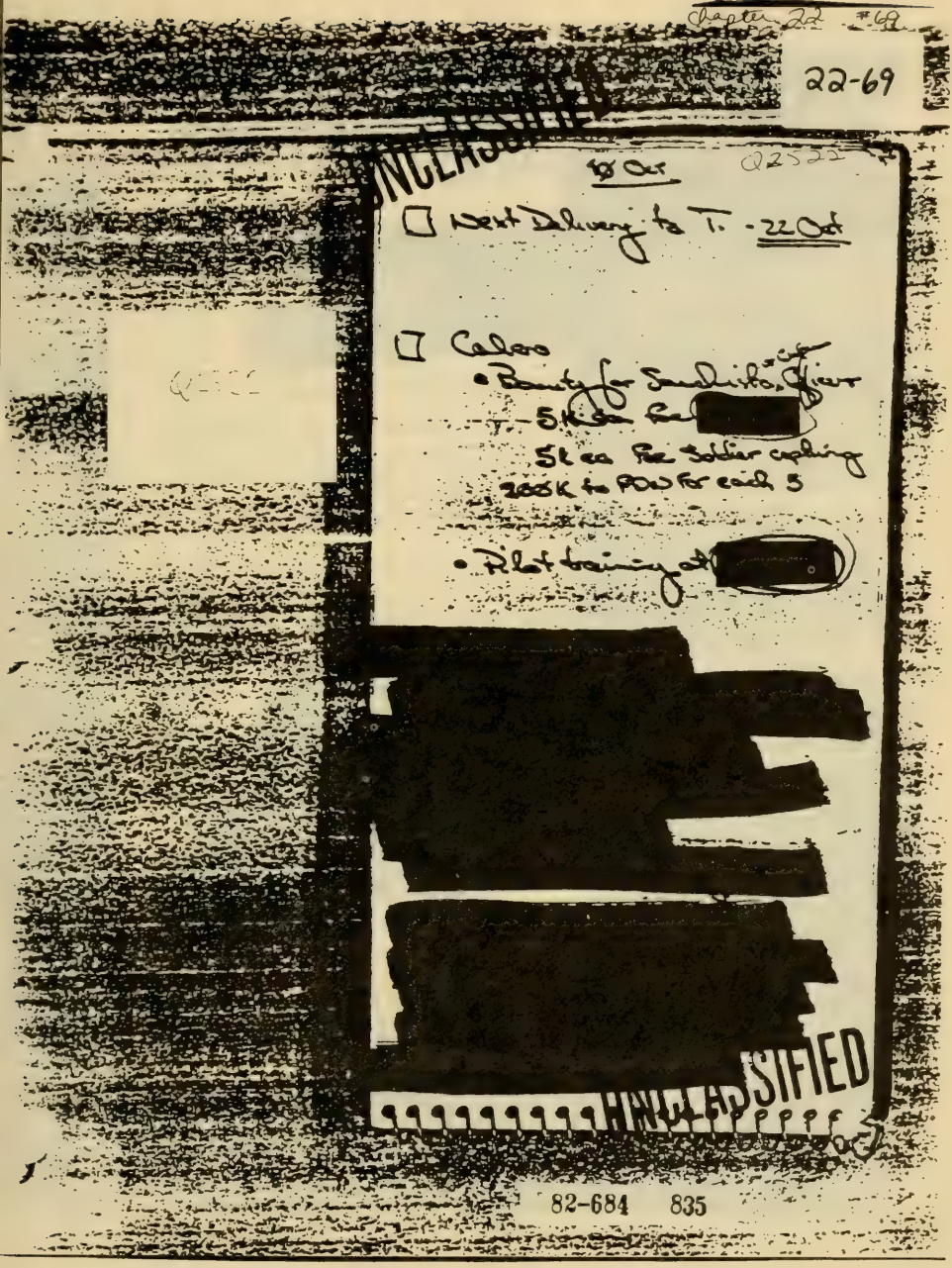
CLASSIFIED AT TIME OF PUBLICATION.

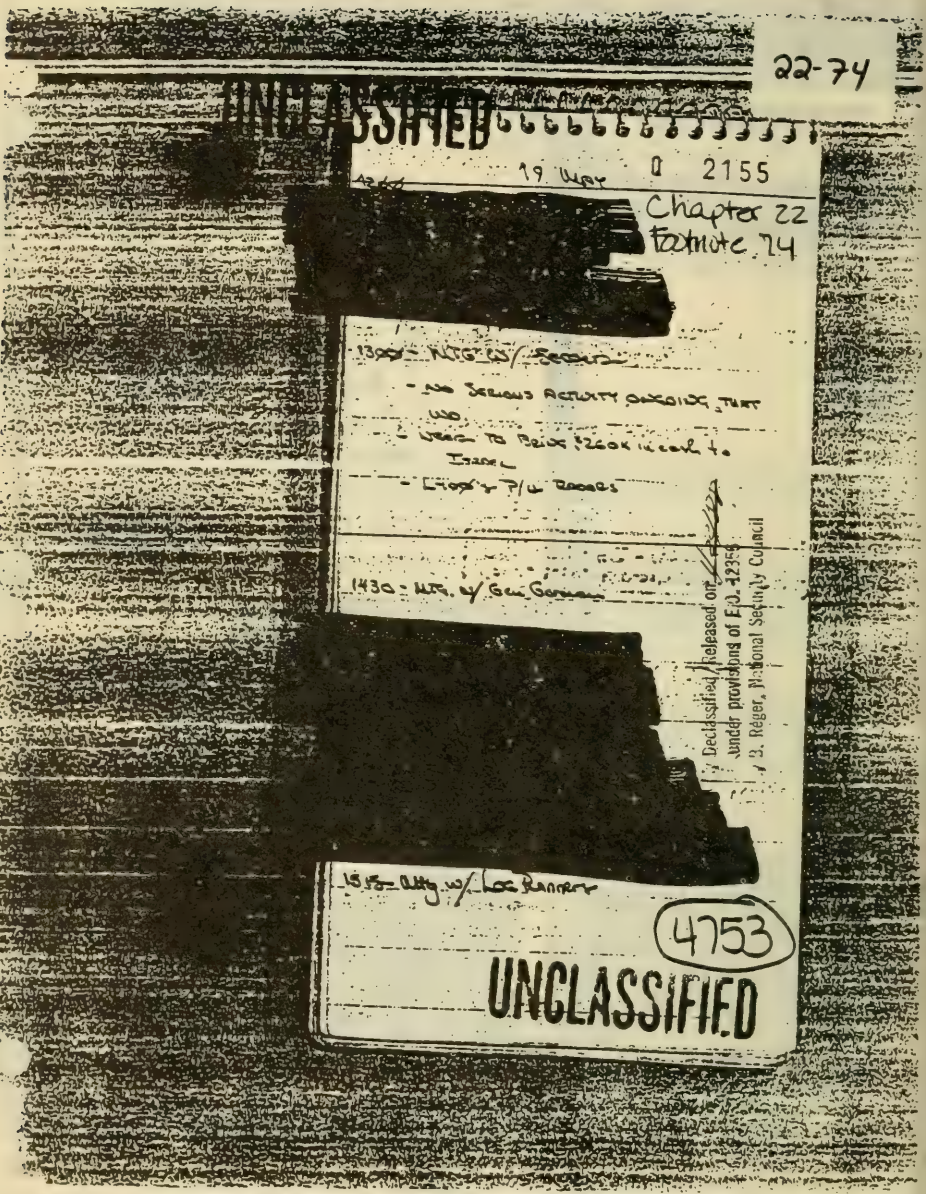
22-68

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Chapter 22 #69

22-69




22-74
UNCLASSIFIED
19 May 0 2155
Chapter 22
Footnote 74
1300 - MTG w/ Secdef
- No Serious Activity Outside Theat
and
- Need to Raise $260K in cash 4
Trade
- Chops & P/U Records
1430 - MTG. w/ Sec. Gorman
1515 - Mtg. w/ Lou Rannert
4753
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22-75

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Chapter 22-76
Footnot

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SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

H 882

1211 GENEVE EAUX-VIVES TEL. 022/36 53 80 SOF1-860515-04-10072/03

PIECE DE CAISSE

Compte / Conto / Account No.: [redacted]

Datum / Data / Date 15.05.86 13:12:01

ALBON VALUES CORP

COMPTE COURANT

Text / Testo / Texte	Auszahlung / Paiement / Withdrawal SFR / FRS	Einzahlung / Versement / Deposit SFR / FRS	Val.
PRELEVEMENT	54'873.00		150586
[redacted] AU COURS DE 1.82000			

Débit
[illegible]/Greg/[redacted]AVC

CREDIT SUISSE MONTANT RECU

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6203 - ALBERT NAKIM

LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5606001	ALBON VALUES					
			(SUITE)			
29 4	CHECK QUINTERO	600401			5 000 00	
29 4	BANK CHARGES	640401			3 89	29 765 15
30 4	[redacted]	604301			7 000 00	
30 4	BANK CHARGES [redacted]	640401			15 63	
		600901			10 000 00	
30 4	BANK CHARGES	640401			15 63	12 733 89
1 5	TRANSFER TO DOLMY	5603001			40 000 00	
1 5	BANK CHARGES	640401			200 00	
1 5	GOULDENS CLIENT	604401			110 000 00	
1 5	BANK CHARGES	640401			8 38	
1 5	CASH ERIC ZUCKER	640201			500 00	137 974 49-
2 5	BANK CHARGES	640401			8 12	
2 5	TRANSFER	999901			2 274 80	140 257 41
5 5	NORTH TRUST BANK MOTAOLA INC	604501			100 000 00	
5 5	BANK CHARGES	640401			8 38	
5 5	CIE SERV FID SITGI	602001			15 000 00	
5 5	CIE SERV. FID. BANK CHARGES	640401			200 00	255 465 79
6 5	FROM CALL	5606101		180 000 00		
6 5	INTEREST	770601		2 373 33		73 092 46-
7 5	FROM CALL	5606101		100 000 00		
7 5	BANK CHARGES	640401			1 545 23	
7 5	INTEREST	770601		266 67		25 678 98
12 5	FROM ALBON	5603001			307 500 00	
12 5	FROM CALL	5606101		500 000 00		
12 5	INTERLST	770601		1 250 00		12 378 98
13 5	RE TRIP OF 05/13/86	640201			3 000 00	
13 5	BANK CHARGES	640401			15 00	
13 5	RE TRIP OF 05/13/86	640201			2 793 30	
13 5	CIE SERV FID	640301			500 00	11 070 68
14 5	TDB CODELIS	604601			101 500 00	88 429 32-
15 5	FROM CALL	5606101		120 000 00		
15 5	CASH GEN EXP RUS/AH	640201			2 777 78	
15 5	[redacted]	640201			30 150 00	
15 5	INTEREST	770601		600 00		757 10-
16 5	TRI AMERICAN ARMS	604001			150 000 00	
16 5	BANK CHARGES	640401			8 38	150 765 48

Chapter 22
Rev. 1976

H 1019

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1/22/87

4755

Chapter 22
Footage 77

22-77

UNCLASSIFIED

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C NAME & DESCRIPTION DOC NO CONTRA DEBIT CREDIT BALANCE

604501 ■■■■■■ MOTOROLA INC USD

5 5 NORTH TRUST BANK MOTOROLA INC 5606001 100 000 00 100 000 00

TRANSACT & BALANCE H 1074 100 000 00 0 00 100 000 00

4756

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UNCLASSIFIED

Chapter 22
Footnote 77

R Secord

Itinerary

Trip to Miami, FL
Re: Meeting w Rep f [redacted]
and 2 Reps f Motorola

	Amt Ex Ch	Cash
Airfare (to Miami)	$129.00	
Hotel (Miami)	136.06	
Rental Car (Miami)	37.75	

STG 5206

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by R. Reger, National Security Council

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UNCLASSIFIED Chapter Foot 22-81

DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380-0001

N F 0378

5041
CL387075
9 July 1987

The Honorable Daniel K. Inouye
The Honorable Lee H. Hamilton
Chairmen, House and Senate Select Committee
on the Iran/Contra Affair
U. S. Capitol
Washington, D.C. 20513

Gentlemen:

In response to a telephonic request for information from your staff on 8 July 1987, answers are provided to the following questions:

1. Did LtCol North make a request around April 1986 for the Marine Corps to provide security for his home?

A review of our records indicates that Headquarters, U.S. Marine Corps, never received such a request. However, LtCol North was assigned to the National Security Counsel, and we have not conferred with other federal agencies to determine if a request was made of them.

2. What procedures would have been followed if the Marine Corps or the Department of the Navy had received a request from LtCol North for protection in April 1986, and determined that the threat was real?

The request would first have been discussed with the Secret Service, who has primary responsibility for White House and NSC security. If they declined protection, discussions would have been held between the Secretary of the Navy and the Commandant of the Marine Corps to evaluate options and review courses of action.

3. What is the extent of the protection that the Marine Corps is now providing for LtCol North's home?

Thirty-five special agents of the Naval Intelligence Service are assigned this week to provide 24-hour surveillance of LtCol North's home. The normal coverage since April 1987 has been fifteen to twenty agents.

4. Did LtCol North request the protection?

LtCol North did not make a direct request per se. His lawyer reported receipt of FBI information regarding threats. These threats were evaluated and brought to the attention of the Assistant Commandant of the Marine Corps

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and the Undersecretary of the Navy with a recommendation by NIS that protection be provided.

5. Who decided to provide the protection?

The decision was made by the Undersecretary of the Navy on 8 April 1987.

6. What were the dates the LtCol North and his family went to Camp Lejeune, North Carolina, for protection?

13-17 April 1987.

I understand that other questions relating to the criteria used to determine whether protection was warranted and the statutory and regulatory authority for such protection will be addressed separately by the Secretary of the Navy.

Sincerely,

/ Murphy

PETER M. MURPHY
Counsel for the Commandant of the Marine Corps

UNCLASSIFIED

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THE SECRETARY OF THE NAVY
WASHINGTON, D C 20350

N F 0380

9 July 1987

The Honorable Warren B. Rudman
United States Senate
Washington, D.C. 20510

Dear Senator Rudman:

Your staff has requested that I provide you information concerning the policy of the Department of the Navy concerning protection of personnel.

Protection for Department of the Navy personnel, their dependents, facilities, and equipment from terrorist acts is provided pursuant to the statutory authority of the Secretary of Defense (10 U.S.C. 113) and the Secretary of the Navy (10 U.S.C. 5013). Enclosed are the applicable directives implementing departmental policy with respect to such protection. Within the Department of the Navy, the responsibility for providing protective services has been assigned to the Commander, Naval Security and Investigative Command (Naval Investigative Service). Upon receipt of information indicating a threat to a particular individual, the Commander Naval Security and Investigative Command would assess the validity of the information, determine whether protective services were appropriate, and, if so, at what level. If the military member was, at the time of the reported threat, assigned outside the Department of the Navy, Commander Naval Security and Investigative Command would coordinate any consideration for protective service with other interested agencies.

Sincerely,

James H. Webb, Jr.

Enclosures

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under provisions of E.
J. Reger, Natl. Sec...

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Chapter 22, Footnote 85

September 3, 1986

H F 1365

MEMO TO THE FILES

UNCLASSIFIE 22-85

FROM: Steven K. Berry, Associate Counsel

RE: August 6, 1986, 8:35 a.m., White House Situation Room. Discussion with Mr. Ollie North regarding House Resolution 485, directing the President to provide to the House of Representatives certain information concerning the activities of Lieutenant Colonel Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan Resistance, submitted by Congressman Tom Coleman.

In attendance: Bob Pearson, Counsel, NSC; Ollie North, Special Assistant, NSC; Ron Sable, Director of Legislative Affairs, NSC; Tom Latimer, HPSCI; Steve Berry, HPSCI.
Members present: Chairman Hamilton, Mssrs. McCurdy, Kastenmeier, Daniel, Roe, Stump, Ireland, Hyde, Cheney, Livingston and McEwen.

Mr. Ollie North indicated that his principle mission was to coordinate contacts with the FDN (the Nicaraguan Resistance) and U.S. government officials. One of the main purposes of his job was to assess the long-term viability of the FDN as a democratic institution and to explain the U.S. government's relationship to that organization including the explanation of the Boland Amendment. North indicated he gave the FDN and their officials advice on human rights and political advice concerning the need for an improved civic image. North also explained the United States' legal position with regard to the guidelines and limitations of U.S. support as outlined under the Boland Amendment. Prior to the ban on assistance to the Nicaraguan Resistance of October 1, 1983, North indicated he had given books to the leadership of the FDN which focused on creating guerrilla movements and popular support for their goals, ideas and objectives. In support of that concept, North asked the FDN leaders to focus on the principles and the tactics espoused by such individuals as Maosetung and Sungsu and Cheginerria and also asked that they focus on the internal and external support necessary to continue the movement. North indicated that he stressed these points with Calero, Bermudez, Cruz, Robello, and Pastora when he was an active participant.

When queried regarding his relationship with General Singlaub, Colonel North indicated that although he knew him he had no association as indicated in press reports and it was unfortunate that General Singlaub made those statements.

Mr. Roe asked Mr. North to comment on his relationship with Robert W. Owen, a former Hill staffer who was employed by the Nicaraguan Humanitarian Assistance Office ($50,000 contract), to facilitate delivery of supplies to the FDN and UNO. Colonel North indicated that he had talked to Robert Owen, had only a casual and formal contract with him, was familiar with Owen but that his contacts were greatly exaggerated and were not nearly as extensive as the press had reported.

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/ S. Reger, National Security Council

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UNCLASSIFIED H F 1366

Similarly, Mr. North indicted he did not know Mr. Terrill, an individual who had appeared on numerous news shows and who had been quoted in newspapers supporting allegations of improper activities of Colone North. Furthermore, it seemed as though Mr. Terrill was not who he said he was and had never been an Army officer.

Mr. North in a direct response to a question regarding the proprieties of his activities after October 1, 1984, responded that he did not in any way, nor at any time violate the spirit, principles or legal requirements of the Boland Amendment.

Congressman Ireland indicated that he had heard of several personal difficulties Colonel North and his family had experienced since the newpaper articles diclosed his job, duties and responsibilities in the NSC.

To summarize, Colonel North, his wife and children, have been targets of organized protests and pickets in front of his home, his personal property was damaged, fences torn down, his car damaged, his house had been broken into, his dog had been poisoned, his family received continuous threatening phone calls during all hours of the day and night and his children had been threatened. At the suggestion of the FBI and Secret Service his family was moved for several weeks to [redacted] while improved security procedures were installed in his home at North's expense. [redacted] Colonel North has also been listed by the PLO terrorist organization headed by Abu Nadul, as an enemy of the Palestine Liberation Organization and has been targeted to be killed. These international incidences seem to be tied very closely to a Soviet disinformation campaign in response to U.S. policy in Central America.

Near the conclusion of the meeting. Congressman McCurdy supported by several other Members of the Committee indicated that although it was no longer necessary for the Intelligence Committee to meet to report on H. Res. 485 to stay its privileged status, he hoped the Intelligence Committee would meet to adversely report H. Res. 485 in the near future. The Chairman responded that action would be more appropriately done at a Full Committee Meeting after all Members had been notified of the Committee meeting.

The Chairman expressed his appreciation for the good faith — effort that Admiral Poindexter had shown in arranging a meeting and indicated his satisfaction in the responses received. Ron Sable from the NSC staff expressed the Administration's concern and his hope that this meeting had satisfied the Committee's concern with regard to the allegations of improper conduct by Lt Col North and further expressed his hope that this meeting would be the final chapter in the Committee's inquiries. The Chairman indicated that, barring any new or additional information, he too thought the Committee would be satisfied with the information that it had received.

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Chapter 11
Footnote 100

22-100

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11

518

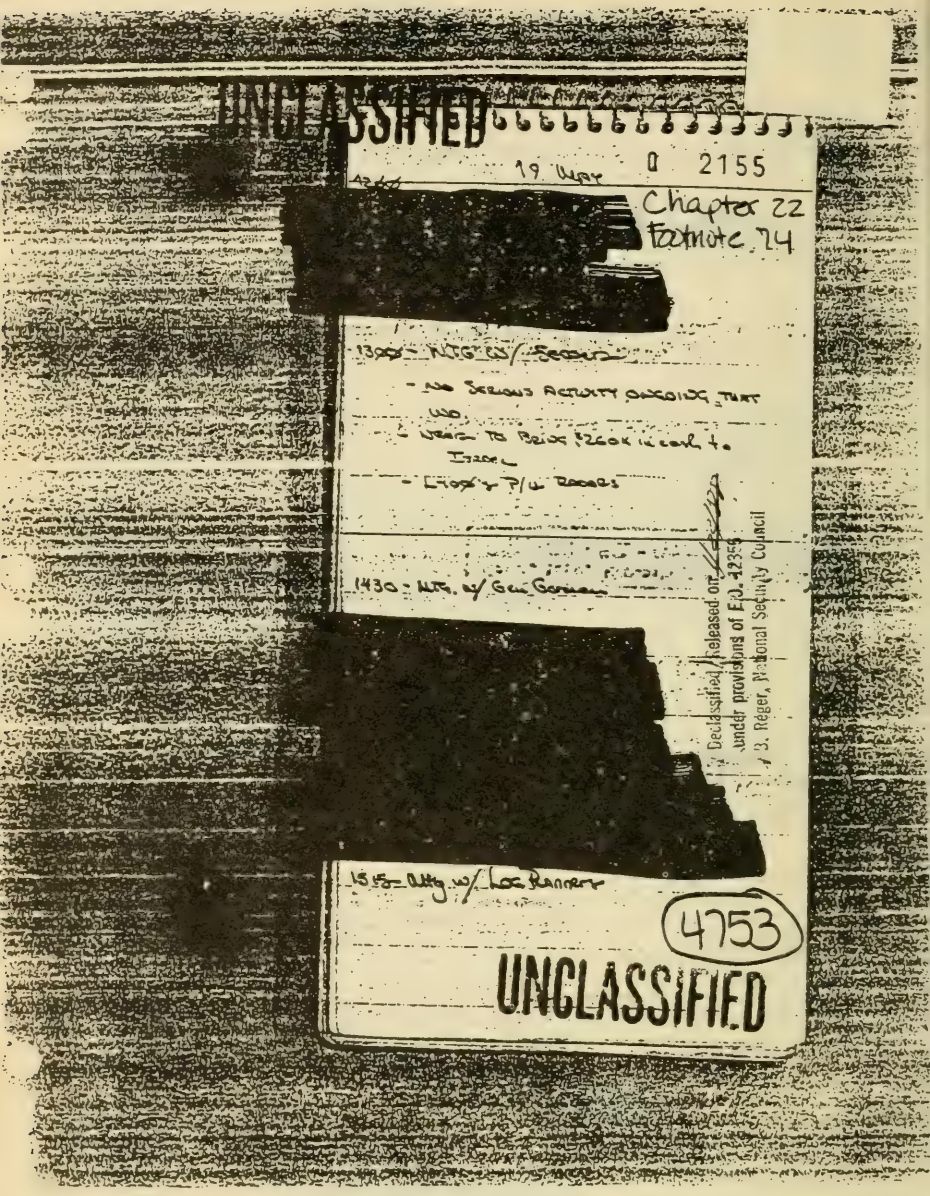
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[redacted]

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Partially declassified under provisions of E.O. 12356 by R. Scott, National Archives

4761


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19 Mar 0 2155
Chapter 22
Footnote 74
1300 - NTG ltr/ Secdef
- No Serious Activity pending that WD
- Urgent to Brief Brzezinski tomorrow.
- Chron's P/U Records
1430 - Mtg. w/ Gen Gorman
1515 - Mtg. w/ Gen Haig
4753
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under provisions of E.O. 12356
B. Reger, National Security Council

Chapter 22
Footnote 101

UNCLASSIFIED

22-101

H . 107

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1211 GENEVE EAUX-VIVES TEL. 022/36 53 80 SOFO-860718-04-10037/01

PIECE DE CAISSE

Datum / Data / Date 18.07.86 11:19:21 0014

Konto / Compte / Conto / Account No [redacted]

US$

HYDE PARK SQUARE CORP

Text / Testo / Texte	Auszahlung / Paiement / Pagamento / Withdrawal	SFR / FRS	Einzahlung / Versement / Versamento / Deposit	SFR / FRS	Val
VENTE US$ 310,374.00 A 100.250					
AGIO US$ 775.94 DEBITE					
[redacted]					180786

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Chapter 22-101
Footnote

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

86 12 10 PAGE 2

T/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES	US$			
000001	****** TRANSIT ACCOUNT	US$			
16 5	WITHDRAWAL CASH FROM LAKE	999901	224 438 00		
86		/UUUU1			
16 5	TRANSFER	999901	200 000 00	224 438 00	0 00
21 5	WITHDRAWAL CASH FROM LAKE	5608001	111 000 00		200 000 00
18 7	CASH WITHDRAWAL	5608001	125 000 00		820 000 00
18 7	CHQ ALBERT C HANSEN	5608001	125 000 00		
18 7	CHQ ASHER WARD	5608001			
	TRANSACT. & BALANCE		1 064 438 00	224 438 00	820 000 00

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4763

Chapter 22-102
Footnote

UNCLASSIFIED

4203 ALBERT HAKIM
LEDGER

A/C NAME & DESCRIPTION

[redacted] CODELIS

14 5 TDB CODELIS

INTERNATL & BNK/INVL

FROM 01 01 84 TO 04 12 86

DOC NO CONTRA

USD

5606001

H-1078

DEBIT CREDIT BALANCE

101 500 00 101 500 00

101 500 00 0 00 101 500 00

[redacted]

4764

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4203 ALBERT HAKIM 86 12 10 PAGE 2
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC. NO	CONTRA	DEBIT	CREDIT	BALANCE
640201	BUSINESS EXPENSES		(SUITE)			
31 7	CASH WITHDRAWAL	5609001		40 000 00		243 606 67
20 8	CASH WITHDRAWAL - TC	5606001		10 000 00		253 606.67
22 8	CSF REIMBT CHQ ROBINETTE	5609001		9 000 00		262 606.67
26 8	CASH WITHDRAWAL	5607001		9 453 30		
26 8	CASH WITHDRAWAL	5607001		500 00		272 559.97
28 8	CASH WITHDRAWAL	5607001		1 000 00		273 559 97
1 9	TDB - CSF - RE CASH WITHDRAWAL	5607001		51 000 00		324 559 97
[redacted]		5607001		5 000 00		329 559 97
		5607001		10 000 00		339 559 97
18 9	CASH WITHDRAWAL - TOM CLINES	5607001		2 000 00		341 559 97
23 9	CASH WITHDRAWAL - RVS	5609001		7 000 00		348 559 97
24 9	CASH WITHDRAWAL - TOM CLINES	5606001		5 000 00		353 559 97
30 9	TDB REIMBT CASH WITHDR AH	5608001		51 000 00		
30 9	CASH WITHDRAWAL ERIC ZUCKER	5608001		1 000 00		405 559 97
8 10	JILA H. LANKARANI	5608001		5 740 00		
8 10	EXECUTIVE TRAVEL SFR 703	5609001		435 97		411 735 94
14 10	CONSULAR	5608001		2 400 00		414 135 94
15 10	CIE SERV FID REMBT CASH AH	5608001		2 000 00		416 135 94
17 10	CHECK MC ALISTER	*5609001		3 100 00		419 235 94
22 10	C S F. REMBT PRELEVT CASH	5608001		2 000 00		421 235 94
23 10	REIMBURSEMENT CASH	5609001			2 .25 00	
23 10	CANCELLATION REIMBT CASH	999901		2 512 00		
23 10	CANCELL REIMBT CAHS BANK CHARGES	440401		13 00		421 235 94
27 10	WITHDRAWAL CASH ROBERT DUTTON	5608001		40 000 00		
27 10	CIE SERV FID REMBT CASH A H	5608001		51 000 00		
27 10	SERFID REMBT SFR 703 AVION FRANCE	5608001		420 96		512 656 90
28 10	WITHDRAWAL	5608001		6 000 00		518 656 90
3 11	SERFID INV 1421 + 60 SFR	5608001		330 37		518 995 27
5 11	WITHDRAWAL	5608001		10 000 00		
5 11	WITHDRAWAL SFR 2060	5608001		1 176 47		530 171 74
[redacted]		5608001		10 000 00		
6 11	WITHDRAWAL SFR 8000	5608001		4 671 53		544 843 27
13 11	REIMBT SERFID SFR 205	5608001		123 49		544 966 76
24 11	RETURN TRANSF CONSULAR	5608001			2 400.00	542 566 76
26 11	REIMBT SERFID SFR 10195	5608001		6 216 46		548 783 22
28 11	REIMBT SERFID SFR 168	5608001		100 90		548 884 12

Chapter 22
Footnote 102

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[redacted] 82-684 852

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Chapter 22
Footnote 102

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CREDIT SUISSE
SCHWEIZERISCHE KREDITANSTALT
CREDITO SVIZZERO

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
14 MAI 86

Unsere/Nostra/Nostra/Our REF
ZA 0514-9252-106

Inhaber/Titulare/Titolare/Holder

M 883
ALBON VALUES CORP

DEBIT ADVICE

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT
AS PER ORDER OF 13 MAI 86

VAL 14 MAI 86 US$ 101,500.00
****

Konto/Compte/Conto/Acct No.

CURRENT ACCOUNT

[redacted]

BENEFICIARY
COMPTE CODELIS

Contr. SCED
796

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly
SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO
Formular ohne Unterschrift. Formule sans signature
Modulo senza firma. Form without signature

TELEX/TELEGRAM TO
TRADE DEVELOPMENT BANK
CASE POSTALE 874

1211 GENEVE 1

1/22/87

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22-103

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Chapter 22
Footnote 109

LAKE RESOURCES
BANK TRANSACTIONS
(Excludes CDs)

Report Date: 9-11-87

Date	Reference Bank / Lake Account	Transaction Type	Disbursements	Receipts	Balance
05-15-86	INTEREST RECEIVED BY ALBON VAL (SB 9202) ALBON VALUES CORP.	Wire Deposit (RB 9948) H936		600.00	13,176,365.28
05-15-86	CASH FROM ALBON VALUES (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 5202) H881	2,777.78		13,173,587.50
05-15-86	CASH FROM ALBON VALUES (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 5202) H882	30,150.00		13,143,437.50
05-15-86	U. S. TREASURY (SB 9208) HYDE PARK SQUARE CORP.	Wire Payment (RB 1203) H182	6,500,002.79		6,643,434.71
05-16-86	GARNET OVERSEES, INC. (SB 1065) LAKE RESOURCES	Wire Deposit (RB 1254) H520		5,000,000.00	11,643,434.71
05-16-86	EYTAN, MENN (SB 1065) LAKE RESOURCES	Wire Deposit (RB 8436) H522		1,460,000.00	13,103,434.71
05-16-86	LAKE RESOURCES (SB 9208) HYDE PARK SQUARE CORP.	Wire Deposit (RB 1065) H179		5,000,000.00	18,103,434.71
05-16-86	HYDE PARK SQUARE CORP. (SB 1065) LAKE RESOURCES	Wire Payment (RB 9208) H520	1,200,000.00		16,903,434.71
05-16-86	CASH WITHDRAWN FROM LAKE RES. (SB 1065) LAKE RESOURCES	Wire Payment (RB 5265) H521	225,000.00		16,678,434.71
05-16-86	HYDE PARK SQUARE CORP. (SB 1065) LAKE RESOURCES	Wire Payment (RB 9208) H522	5,000,000.00		11,678,434.71
05-16-86	TRI AMERICAN ARMS (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 8420) H880	150,008.38		11,528,426.33
05-20-86	ALBON VALUES CORP. (SB 9201) TOYCO S. A.	Wire Deposit (RB 9202) H504		50,000.00	11,578,426.33
05-20-86	SCITECH TRADING GROUP (SB 9202) ALBON VALUES CORP.	Wire Deposit (RB 9223) H2419		8,333.00	11,586,759.33
05-20-86	ALBON VALUES CORP (SB 9204) UDALL RESEARCH CORP.	Wire Deposit (RB 9202) H797		350,000.00	11,936,759.33

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[redacted] CREDIT SUISSE SCHWEIZERISCHE KREDITANSTALT CREDITO SVIZZERO

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
02 APR 85

ZA 0402-9247-048

ENERGY RESOURCES INTERNATIONAL SA
H 382 39

AVIS DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 01 APR 85

	US$	20,020.00
FRAIS	US$	5.62
VAL 03 APR 85	US$	20,025.62

COMPTE COURANT [redacted]

ATT.M. NIHOVE

BENEFICIAIRE [redacted]
COSFIN BV

Contr.GEPI
374

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

TELEX/TELEGRAMME A
CONTINENTAL BANK SA
227 RUE DE LA LOI

B-1040 BRUXELLES

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[redacted] ZERO
SCHWEIZERISCHE [redacted] STALT

211 GENEVE EAUX-VIVES
EL. 022/36 53 80
7 MAI 85

Numéro/Nummer/Numero/Our Ref.
ZA 0517-9295-109

ENERCY RESOURCES INTERNATIONAL SA

85

VIS DE CREDIT

NOUS AVONS CREDITE LE COMPTE CI-CONTRE

Konto/Compte/Conto Acc. No
COMPTE COURANT

AL 16 MAI 85 US$ 4,906.88
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[redacted]

H 332

DONNEUR D'ORDRE
BANCO PORTUGUESE DO ATLANTIC
LONDON

Hochachtungsvoll/Vos dévoués/Con distinta stima Yours truly

Conf. DEJE
570

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

NOTRE CORRESPONDANT
CREDIT SUISSE
NEW YORK BRANCH
100 WALL STREET
USA-NEW YORK NY 10005

[redacted]

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H 291

Ch 22 # 120

1/22/88

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CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
04 JUL 85

ZA 0702-9252-124

ENERGY RESOURCES INTERNATIONAL SA

DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 01 JUL 85

[redacted] 25,020.00
FRAIS 5.91
VAL [redacted] 25,025.91

COMPTE COURANT [redacted]

ATTN.MR.BERNARD UNGER

BENEFICIAIRE [redacted]
COSFIN SV

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119

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

TELEX/TELEGRAMME A
CONTINENTAL BANK SA
227 RUE DE LA LOI

B-1040 BRUXELLES

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CLASSIFIED AT TIME OF PUBLICATION.

4201 KOREL ASSETS LEDGER — FROM 01.01.86

CSF INVESTMENTS LTD.

A/C.	NAME & DESCRIPTION	DOC.NO	CONT	DEBIT	CREDIT	BALANCE
101001	CAPITAL INVESTED		(SUITE)			
	TRANSFER	75000- 6196 271	CANA		75 000.00	
9 5	12.0000 HAMERSON PROP.INV DEVPT					
	TRANSFER	25000- 6196 271	HAME	11 03076	25 937.50	
9 5	12.1250 PRUDENTIAL REALTY SEC..S					
	TRANSFER	50000- 6196 271	PRUR		50 296.70	
9 5	8.5000 SOCIETE GENERALE WARRANT					
	TRANSFER	25- 6196 271	SGWT		3 175.00	
9 5	7.7500 SONY CORPN. EX WARRANTS					
	TRANSFER	75000- 6196 271	SON		64 961.49	682 576.28-
7 7	MGT FEES 2ND QUARTER 1986	7001 5600001		2 478.35		680 097.93-
9 9	US$/AU$ AT 0.6325	26001 5600001		23 799.82+	15 053.39	665 044.54-
18 9	US$/HK$ AT 7.8035	7364 5600001			17 356.38	647 688.16-
24 9	AU$/US$ AT .6375	7378 5600001		9 091.36+	5 795.74	641 892.42-
15 10	MGT FEES 3RD QUARTER 1986	8001 5600001			2 926.01	638 966.41-
25 11	MKF/US$ AT 20.455	22026 5600001		340 285.70+	69 605.44	569 360.97-
11 12	COSFIN B.V.					
	ADJ QTY	1- 4435 741	COS4		0.00	569 360.97-
23 12	SFR/US$ AT 1.6625	8418 5600001		210 959.87-	126 893.15	
23 12	DM./US$ AT 1.9858	8418 5600001		11 188.40-	5 634.20	
23 12	YEN/US$ AT 1.9858	8418 5600001		800 674.50-	6 907.87	
23 12	MKF/US$ AT 4.909	8418 5600001		300 000.00-	61 112.24	
23 12	HK$/US$ AT 7.801	8418 5600001		163 089.01-	20 906.16	
23 12	AU$/US$ AT 7.801	8418 5600001		51 266.73-	34 221.16	
23 12	MGT FEES 4TH QUARTER 86	8428 5600001		3 144.69		819 891.06-
	TRANSACT. & BALANCE	235626-		933 348.66-	143 379.86 963 270.92	819 891.06-
101003	****** CAPITAL INVESTED		DM.			
22 10	DM/SFR AT 0.8275	8091 5600003		9 079.65-	10 972.39	10 972.39-
23 12	DM./US$ AT 1.9858	8418 5600003		5 634.20+	11 188.40	216.01
	TRANSACT. & BALANCE			3 445.45-	11 188.40 10 972.39	216.01

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CREDIT SUISSE
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
12 APR 05

Unsere/Notre/Nostro/Our REF.
ZA 0412-9251-019

ENERGY RESOURCES INTERNATIONAL SA
373
50

AVIS DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 10 APR 85

Konto/Compte/Conto/Acc. no
COMPTE COURANT

VAL 12 APR 85 US$ 118,336.00
---------- **********

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment
REF. AC2

BENEFICIAIRE
CSF INVESTMENTS LIMITED
VALLIS & HAYWARD BLDG
P.O BOX HM 2273
BM-HAMILTON 5-31 BERMUDA

Hochachtungsvollvos dévoués/Con distinta stima/Yours truly

Contr. GEPI
587

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

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Modulo senza firma Form without signature

1 No 7788 12.83 1000

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CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE FAUX-VIVES
TEL. 022/36 53 80
12 APR 85

Unsere/Notre/Nostro Our REF
ZA 0412-9251-020

AVIS DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 10 APR 85

VAL 12 APR 85 US$ 101,926.78
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Impact 372

ENERGY RESOURCES INTERNATIONAL SA

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Konto/Compte/Conto/Acct. No

COMPTE COURANT

[redacted]

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment

REF. AC1

BENEFICIAIRE
CSF INVESTMENTS LIMITED
VALLIS & HAYWARD BLDG
P.O BOX HM 2273
BM-HAMILTON 5-31 BERNUDA

Hochachtungsvollmes Grüssen/Con distinta stima/Yours truly

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

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Modulo senza firma Form without signature

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See Hearing Exhibit AH-29A

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See Hearing Exhibit AH-17

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See Hearing Exhibit AH-10

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See Hearing Exhibit OLN-168

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Chapter 22
Footnote 164, 169, 170

STG 134511

STG

ANALYSIS OF 1ST AMERICAN BANK
1986

CHECK #	DATE	REMITTER/PAYEE	TYPE	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
859	05/05/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
	05/02/86	DEPOSIT	DEPOSIT		15,000.00 (A)	
	05/05/86	DEPOSIT	DEPOSIT		58,700.00	
870	05/13/86	R.V. SECORD (B)	LOAN TO STGI	30,000.00		
871	05/14/86	JOAN L. CORBIN	SALARY	745.88		
872	05/14/86	SHIRLEY A. NAPIER	SALARY	792.96		
873	05/14/86	AMERICAN EXPRESS	BILL	8,746.29		
881	05/14/86	C & P TELEPHONE	TELEPHONE	1,739.22		
882	05/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
886	05/16/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	1,117.92		
	05/14/86	DEPOSIT	DEPOSIT		5,545.24	
909	05/30/86	JOAN L. CORBIN	SALARY	745.88		
901	05/30/86	SHIRLEY A. NAPIER	SALARY	792.96		
902	05/30/86	ROBERT C. DUTTON	SALARY	1,283.50		
903	05/30/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
890	05/30/86	PATTON, BOGGS, AND BLOW	LEGAL	2,414.65		
898	05/30/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		
899	05/30/86	HELEN/FERRIS OWENS	RENT - APT.	925.00		
904	05/30/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
905	06/02/86	ROBERT C. DUTTON	REIMBURSE	2,000.00		
	06/04/86	DEPOSIT	DEPOSIT		70,482.90 (E)	
906	06/09/86	GLEN RHINEHART		5,000.00		
909	06/10/86	C & P TELEPHONE	TELEPHONE	1,642.49		
912	06/10/86	AMERICAN EXPRESS	BILL	10,227.68		
914	06/10/86	ALBERT HAKIM	LOAN	20,000.00		
915	06/10/86	KRONISH, FEITSHEZ, WEIGH, AND STERN	ACCOUNTING	1,124.50		
	06/10/86	COMPAGNIE DE SERVICES FIDUCIAIRES	LEGAL	4,049.36		
917	06/12/86	JOAN L. CORBIN	SALARY	774.97		
918	06/13/86	SHIRLEY A. NAPIER	SALARY	792.96		
920	06/13/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	4,227.52		
923	06/24/86	GLEN RHINEHART		5,000.00		
924	06/24/86	SHIRLEY A. NAPIER	SALARY	792.96		
925	06/24/86	JOAN L. CORBIN	SALARY	774.97		
926	06/24/86	ROBERT C. DUTTON	SALARY	3,283.5		
927	06/24/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
933	06/24/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		
934	06/24/86	HELEN/FERRIS OWENS	RENT - APT.	925.00		
936	06/24/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	2,963.64		
	07/10/86	DEPOSIT	DEPOSIT		20,961.87 (A)	
	07/10/86	DEPOSIT	DEPOSIT		30,000.00 (A)	
943	07/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,868.72		
944	07/14/86	AMERICAN EXPRESS	BILL	9,554.17		
957	07/14/86	C & P TELEPHONE	TELEPHONE	1,900.69		
960	07/14/86	JOAN L. CORBIN	SALARY	774.97		
961	07/14/86	ALBERT HAKIM	CONSULTING	5,000.00		
963	07/14/86	[illegible]	INSURANCE	1,130.00		
970	07/18/86	SHIRLEY A. NAPIER	SALARY	792.96		
975	07/18/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
981	07/18/86	PATTON, BOGGS, AND BLOW	LEGAL	1,569.65		
983	07/14/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		

Swiss Bank Corp Switzerland STG 13454

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Released

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Chapter 2
Footnote 164, 169, 170

STG 134511

STG 13454

Source Bank Switzerland

ANALYSIS OF 1ST AMERICAN BANK
1986

CHECK #	DATE	REMITTER/PAYEE	TYPE	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
859	05/05/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
	05/02/86	DEPOSIT	DEPOSIT		15,000.00 (A)	
	05/05/86	DEPOSIT	DEPOSIT		58,700.00	
870	05/13/86	R.V. SECORD	LOAN TO STTG1	30,000.00		
871	05/14/86	JOAN L. CORBIN	SALARY	745.88		
872	05/14/86	SHIRLEY A. NAPIER	SALARY	792.96		
873	05/14/86	AMERICAN EXPRESS	BILL	8,746.29		
881	05/14/86	C & P TELEPHONE	TELEPHONE	1,739.22		
882	05/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
886	05/16/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	1,117.92		
	05/14/86	DEPOSIT	DEPOSIT		5,545.24	
900	05/30/86	JOAN L. CORBIN	SALARY	745.88		
901	05/30/86	SHIRLEY A. NAPIER	SALARY	792.96		
902	05/30/86	ROBERT C. DUTTON	SALARY	2,282.50		
903	05/30/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
890	05/30/86	PATTON, BOGGS, AND BLOW	LEGAL	3,419.65		
898	05/30/86	WESTWOOD 7 ASSOCIATES	RENT	2,868.50		
899	05/30/86	HELEN/FERRIS OWENS	RENT - APT.	975.00		
904	05/30/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
905	06/02/86	ROBERT C. DUTTON	RELOCATION	2,000.00		
	06/04/86	DEPOSIT	DEPOSIT		70,682.90 (E)	
906	06/09/86	GLEN AUBINETTE		5,000.00		
909	06/10/86	C & P TELEPHONE	TELEPHONE	1,642.49		
912	06/11/86	AMERICAN EXPRESS	BILL	10,217.64		
914	06/11/86	ALBERT HAKIM	LOAN	20,000.00		
915	06/10/86	ARONSON, FETRIDGE, WEIGH, AND STERN	ACCOUNTING	1,124.50		
	06/10/86	COMPAGNIE DE SERVICES FIDUCIAIRES	LEGAL	4,049.36		
917	06/13/86	JOAN L. CORBIN	SALARY	774.97		
918	06/13/86	SHIRLEY A. NAPIER	SALARY	792.96		
920	06/13/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	1,222.52		
923	06/24/86	GLEN AUBINETTE		5,000.00		
924	06/24/86	SHIRLEY A. NAPIER	SALARY	792.96		
925	06/24/86	JOAN L. CORBIN	SALARY	774.97		
926	06/24/86	ROBERT C. DUTTON	SALARY	3,282.50		
927	06/24/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
933	06/24/86	[redacted] & ASSOCIATES	RENT	2,868.50		
934	06/24/86	[redacted] OWENS	RENT - APT.	975.00		
936	06/24/86	[redacted] BANK OF VIRGINIA	FED TAX DEPOSIT	2,463.64		
	07/10/86	[redacted]	DEPOSIT		20,961.87 (A)	
	07/10/86	DEPOSIT	DEPOSIT		50,000.00 (A)	
943	07/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,868.72		
944	07/14/86	AMERICAN EXPRESS	BILL	9,554.17		
957	07/14/86	C & P TELEPHONE	TELEPHONE	1,900.89		
960	07/14/86	JOAN L. CORBIN	SALARY	774.97		
961	07/14/86	ALBERT HAKIM	CONSULTING	5,000.00		
963	07/14/86	[redacted] INSURANCE	INSURANCE	1,430.00		
974	07/18/86	SHIRLEY A. NAPIER	SALARY	792.96		
975	07/18/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
981	07/18/86	PATTON, BOGGS, AND BLOW	LEGAL	1,569.65		
983	07/18/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		

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[redacted]

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Chapter 22, Footnote

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UNCLASSIFIED

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SHARP, GREEN & LANKFORD
800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

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STEVEN W. JOHNSON
BARBARA STRAUGHN HARRIS
MARK W. HATCH
ROBERT L. VOSE

* MEMBER OF PA BAR ONLY
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TELEPHONE
202 659-2400
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TELEX 897 4605 SHARP UI

22-169+170

August 18, 1987

22-173+179

Arthur Liman, Esq.
Counsel to U.S. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Oppos.
901 Hart Senate Office Bldg.
Washington, DC 20510

John W. Nields, Jr., Esq.
Counsel to U.S. House Select Committee to Investigate Covert Arms Transactions with Iran
Room H419, United States Capitol
Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

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... S. Reger, National Security Council

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record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

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LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

JAMES E. SHARP
THOMAS C. GREEN
V. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ *
ROBERT L. VOGEL +

* MEMBER OF PA BAR ONLY
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TELEPHONE
202) 659-2400
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TELEX 697 4605 SGLDC

SC 0403

August 20, 1987

HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

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circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other

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business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

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all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

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allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

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B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.*

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000**

*We are confident that the Israelis will confirm this requirement.

**Does not include what by this time is a $4 million hull insurance fund.

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SC 04[illegible]

SHARP, GREEN & LANKFORD

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 7

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

*Does not include what by this time is a $4 million hull insurance fund.

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E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

*Does not include what by this time is a $4 million hull insurance fund.

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F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

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*Does not include what by this time is a $4 million hull insurance fund.

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SC 0407

$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000*

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

---

*Does not include what by this time is a $2 million hull insurance fund.

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Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

*Does not include what by this time is a $4 million hull insurance fund.

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second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

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and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

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was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

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supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

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SC 040

(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

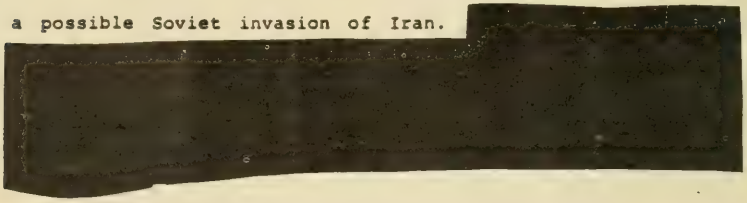
General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

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SC 0407

General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran.



Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

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SHARP, GREEN & LANKFORD

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

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MARK W PETTIE
ROBERT L WILLIS

A MEMBER OF PA BAR ONLY
A MEMBER OF VA & D.C. BAR ONLY

TELEPHONE
[illegible]

SC 04,0

May 26, 1987

4749

Declassified/Released on 4/23/92
under provisions of E.O. 12356
by D. Reger, National Security Council

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
Committee to Investigate Covert
Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661I and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AR-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AR-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $160.00 per rifle, and they were sold at a 21% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 x 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.50 per round or one-half the quantity.

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SC 04102

General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

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SC 04103

ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell $2,346,175

Costs 1,634,901

Profit 711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell $1,235,596

Costs 924,756

Profit 310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell $6,407,512

Costs 5,190,512

Profit 1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell $2,255,200

Costs 2,003,200

Profit 252,000 or 11% gross (12.78% of cost)

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Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

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TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell. $11,782,723

Costs 9,466,412

Profit 2,316,311 or 19.65% gross (24.5% of cost)

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22-186

CLASSIFIED AT TIME OF PUBLICATION.

22-195

CLASSIFIED AT TIME OF PUBLICATION.

22-196

CLASSIFIED AT TIME OF PUBLICATION.

202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

Footnotes 197, 201

C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNT	(SUITE)				
	****** CAPITAL	US$				
1001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS US$					
1 1	BROUGHT FORWARD			5 133.00+	64 978.13	64 978.13-
1 1	TRANSFER	101001		64 978.13		0.00
1	CHQ R. QUINTERO	5014	5600001	4 000.00		
1 1	REVERSAL	5014	5600001		4 003.35	2.35-
6 1	CHQ K. PHILLIPS	5043	5600001	4 000.00		
6 1	PMT HOTEL INTERCONT.	5048	5600001	952.45+	457.24	4 453.89
9 1	CHQ R. QUINTERO + BC	5097	5600001	4 003.49		
9 1	REVERSAL	5097	5600001		4 003.49	4 453.89
5 2	TRANSFER FROM LAKE RES.	5217	5600001		100 000.00	95 546.11-
6 2	CHQ K. PHILLIPS + BC	5380	5600001	2 003.71		93 542.40-
8 2	CASH WITHDRAWAL	5262	5600001	30 000.00		63 542.40-
4 3	PMT INV. INTERCONTINENTAL	5325	5600001	4 872.80+	2 551.20	60 991.20-
9 4	PMT INV. HOTEL INTERCONTINENTAL	6025	5600001	2 034.60+	1 036.74	59 954.46-
1 4	CHQ TO SITGI + CHARGES	2060	5600001		58 802.60	1 151.86-
12 4	NEW FUNDS	6085	5600001		16 000.00	17 151.86-
10 4	CHQ K. PHILLIPS + BC	6104	5600001	2 003.87		15 147.99-
0 5	NEW FUNDS	6189	5600001		8 833.00	23 980.99-
12 5	TR. FROM HYDE PARK	6210	5600001		100 000.00	123 980.99-
2 6	NEW FUNDS	6269	5600001		26 390.00	150 370.99-
3 6	RBT TEL CALL	6253	5600001	112.00+	59.25	150 311.74-
4 6	CHQ K. PHILLIPS + BC	6276	5600001	2 003.76		148 307.98-
1 6	PMT HOTEL INTERCONTINENTAL	6312	5600001	2 745.45+	1 506.41	146 801.57-
19 6	TR. FROM DEFEX	6422	5600001		3 728.00	150 529.57-
20 6	CHQ K. PHILLIPS + BC	6409	5600001	2 003.93		148 525.64-
17 7	PMT INV. 1323	7075	5600001	2 150.00		146 375.64-
12 8	CHQ K. PHILLIPS	7228	5600001	4 000.00		142 375.64-
2 9	TRANSFER FM U.B.S., FRIBOURG	7286	5600001		86 133.00	
1 9	CHQ K. PHILLIPS	7307	5600001	2 000.00		226 508.64-
12 9	TRANSFER FAV. STANFORD TECH.	7418	5600001	15 000.00		211 508.64-
2 10	CHQ TO KEITH E. PHILLIPS	8002	5600001	2 000.00		209 508.64-

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82-1972/01

GF INVESTMENTS LTD.
HAMILTON, BERMUDA

202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 11 12 86

H 02960

C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
0001	CAPITAL CONTRIBUTIONS/WITHDRAWA		(SUITE)				
10	PMT INV OF INTERCONTINETAL HOTEL	8054	5600001	1 841 30+	1 138 36		208 370 28-
11	CHQ KEITH E PHILLIPS	8113	5600001		2 000 00		206 370 28-
11	REDEMPTION PAYMENT MADE BY SERFID	8120	5600001		130 319 31		76 050 97-
31	PMT INV FM HOTEL INTERCONTINENTA	8144	5600001	1 243 00+	727 75		75 323 22-
12	CHQ 391 INTERCONTINENTAL HOTEL	8377	5600001	27 539 05+	16 199 44		59 123 78-
	TRANSACT & BALANCE			46 473 65+	754 845 19	817 293 97	59 123 78-
1001	****** CAPITAL INVESTED		US$				
1	BROUGHT FORWARD					38 000 00	38 000 00-
1	TRANSFER		100001			64 878 13	102 878 13-
1	MGT FEES 4TH QUARTER 1985	5001	5600001		130 46		102 747 67-
4	MGT FEES 1ST QUARTER 1986	6001	5600001		338 83		102 408 84-
7	MGT FEES 2ND QUARTER 1986	7001	5600001		538 35		101 870 49-
9	7 1250 CALL CREDIT LYONNAIS ADJ	1-	581000F		0 00		101 870 49-
9	US$/HK$ AT 7 8035	7364	5600001		17 356 38		84 514 11-
10	MGT FEES 3RD QUARTER 1986	8001	5600001		740 65		83 773 46-
12	HK$/US$ AT 7 801	8418	5600001	163 089 01-		20 906 16	
12	MGT FEES 4TH QUARTER 86	8428	5600001		649 04		104 030 58-
	TRANSACT & BALANCE	1-		163 089 01-	19 753 71	123 784 29	104 030 58-
1017	****** CAPITAL INVESTED		HK$				
9	US$/HK$ AT 7 8035	7364	5600017			135 440 50	135 440 50-
12	HK$/US$ AT 7 801	8418	5600017	20 906 16+	163 089 01		27 648 51
	TRANSACT & BALANCE			20 906 16+	163 089 01	135 440 50	27 648 51

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Footnote 202

[redacted]PAGNIE DE SERVICES
[redacted]IDUCIAIRES SA

VALUE DATE 10/24/86
RNB REFERENCE 6AUS1230130
CUST REFERENCE
SEND REFERENCE 10/24/86-1230130

H1520A

REFERENCE
FIRST PENN BANKING & TR CO

ATT MR ROBERT DEVAULT ACC FORWAY INDS. 073 625 6 B/O A CLIENT

DESCRIPTION FED WIRE

606304649

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Republic National Bank of New York 10/24/86

ACCOUNT NUMBER [redacted]

DEBIT $100,000.00

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

VALUE DATE 10/24/86
RNB REFERENCE 6AUS0480010
CUST REFERENCE
SEND REFERENCE 10/24/86-0480010

REFERENCE
RAINIER NATIONAL BANK

OBK=YR GRAYS HARBOR BLVD ABERDEEN, WASH. BNF=GRAYS HARBOR TITLE C
O. TRUST ACCT 125 000 037 005 077 260 H BBI=QUINAULT RESERVATIO
N TIMBER/SKH CORP INS=COMPAGNIE DE SERVICES FIDUCIAIRES SA

DESCRIPTION FED WIRE

[redacted]

4773

Partially Declassified, Released on 1/22/88
under provisions of E.O. 12356
by B. Rogers, National Security Council

202-203

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Republic National Bank of New York

11/05/86

CREDIT $1,130,319.31

ACCOUNT NUMBER [redacted]

COMPAGNIE DE SERVICES FIDUCIAIRES SA

VALUE DATE 11/05/86
RNB REFERENCE CH5503900AC
CUST REFERENCE
SEND REFERENCE 11/05/86-03900AC

REFERENCE

C S F INVESTMENTS LTD

DESCRIPTION INTERNAL TRANSFER [redacted]

UNCLASSIFIED

[redacted]

[redacted]

UNCLASSIFIED

Republic National Bank of New York 10/28/86

H 1520C

[redacted] NUMBER

DEBIT $30,299.31

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

VALUE DATE 10/28/86
RNB REFERENCE 6ASS0340030
CUST REFERENCE
SEND REFERENCE 10/28/86-0340030

REFERENCE
RAINIER NATIONAL BANK

BBK=YR 2ND & SPRING BR BNF=HARRIS MERICLE & ORR TRUST A/C 1030109
612 OBI=U/C/A INS=COMPAGNIE DE SERVICES FIDUCIAIRES SA

DESCRIPTION FED WIRE

[redacted]

Republic National Bank of New York 10/28/86

ACCOUNT NUMBER [redacted]

DEBIT $1,200.00

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

VALUE DATE 10/28/86
RNB REFERENCE 6ASS1110040
CUST REFERENCE
SEND REFERENCE 10/28/86-1110040

REFERENCE
BANK OF NEW YORK

SN BBK=YR 48 WALL ST TRUST DEPT BNF=TRUSSTEE U/A 4/6/60 FOR M. ME
RCEDES O'DONNELL 439391 OBI=ATT MR G YEIMAN=

DESCRIPTION CHIPS

[redacted]

SLLH

1/2/87

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906

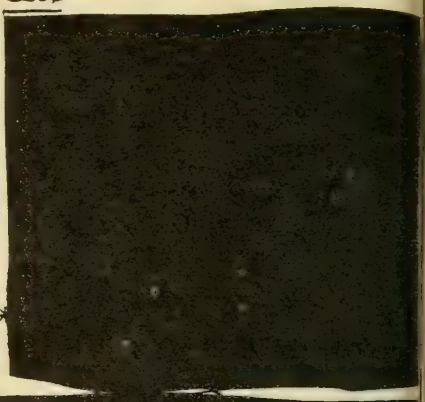
22-207

DOCUMENT UNAVAILABLE.

Chapter 22, Footnote 22

22-221

SIFIED 3 Aug 86 2316



4776

Chapter 22
Footnote 236

22-236

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NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

SYSTEM II 90443 N 10288

SECRET

ACTION

June 4, 1986

MEMORANDUM FOR RODNEY B. MCDANIEL

FROM: RAYMOND F. BURGHARDT

SUBJECT: Minutes of the May 16, 1986 National Security Planning Group Meeting

Attached are the minutes of the National Security Planning Group meeting on May 16, 1986.

RECOMMENDATION

That the attached minutes be filed.

Approve____ Disapprove____

[redacted]nt:
Minutes of the NSPG meeting

Cover sheet only 1/22/87

4777

~~SECRET~~ UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

SYSTEM II
90366

N 6263

~~SECRET~~

ACTION

22-237

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Next Steps re Aid to the Nicaraguan Democratic Resistance Forces (DRF)

Issue

How should we proceed in our effort to obtain effective assistance to the Nicaraguan Democratic Resistance Forces (DRF)?

Background

Last month's rejection of our aid proposal by the House of Representatives has dealt a severe blow to the DRF. As of May 1, all humanitarian assistance funds have been expended and no further food, medicine, or clothing is available. By mid-June, the outside support which the resistance has received will be fully depleted and no further significant support appears readily available. As time goes on without any USG or outside assistance, the capabilities and morale of the resistance will be seriously debilitated. Despite our assurances to the Central American democracies, we still do not a clear legislative path that will assure a positive vote in the next few weeks. This factor is also likely to influence Central American thinking on the Contadora accord.

Our legislative experts advise that our only near-term legislative vehicle is the military construction bill which is pending Committee action in the House. We are advised that Speaker O'Neill will accept DRF aid amendments to this bill during the week of June 9. Even if such a vehicle passes in the House, we stand a good chance of filibuster in the Senate and the likelihood that no aid would be available until August or September 1986.

Discussion

Given the urgency of the situation, our interagency team has recommended that this issue be addressed at the NSPG meeting on Friday, May 16. The group further recommends that we consider an immediate reprogramming of $15M from Defense, [CIA] for ~~humanitarian~~ [illegible] military

~~SECRET~~
Declassify: OADR

UNCLASSIFIED

4778

BKD FBI
12-12-86

UNCLASSIFIED

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N 6264

assistance to the DRF. Since our opponents supported the earlier humanitarian aid and reprogramming requires action by only the intelligence committees there is a reasonable likelihood of success. We can make a good case that this humanitarian assistance ($3M per month through August 1986) is essential to maintain the option of DRF pressure in order to improve prospects for a verifiable and enforceable Contadora agreement. Those who counsel delay on any DRF aid until after the Contadora process has "played out" can be countered by the argument that a ceasefire under Contadora still requires the DRF to survive while "national reconciliation negotiations" are underway.

Finally, State, Defense, and CIA agree that a reworked Presidential Message to the Congress is important to the overall long-term success we hope to achieve. Between now and Friday, the draft of the Message you reviewed on the Summit trip will be reworked to include stronger language on the consequences of failure. We do not believe that your Message should reference the reprogramming action specifically, but all concur that we must hold the Congress accountability for a failure to act. State, Defense, and CIA agree that the summary at Tab A embodies the elements of what we must provide in authorities and resources for an effective program of support to the DRF.

Recommendation

OK No

_____ _____ 1. That you review the attached Section-by-Section Summary (Tab A) prior to the NSPG meeting on Friday, May 16.

Prepared by:
Oliver North
Ray Burghardt

Attachment
Tab A - Section-by-Section Summary

SECRET

UNCLASSIFIED

CHAPTER 23. OTHER PRIVATELY FUNDED COVERT OPERATIONS

23-3

CLASSIFIED AT TIME OF PUBLICATION.

23.5

DOCUMENT UNAVAILABLE.

23-8

DOCUMENT UNAVAILABLE.

23-12

CLASSIFIED AT TIME OF PUBLICATION.

23-14

CLASSIFIED AT TIME OF PUBLICATION.

23-15

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23-16-18 #16-18

11 Aug UNCLASSIFIED

☐ Doc. w/ A.C. 1668



Partially Declassified / Released under [illegible] by [illegible]

12 Aug 85

1 Call from Col Caulfield

- Hidey Prob. - Independent Action

HCTF - ORGANIZATION

- Two Loose Ends within - Dear contacts
- Dear out due operation into [redacted]
- Dear not very sophisticated w/ work.
- Dear "ABE" (Lebanese) want to HCTF asked for 50K to get 4 delivered to [redacted] 7/11 - for release (C.O.E.)

4699

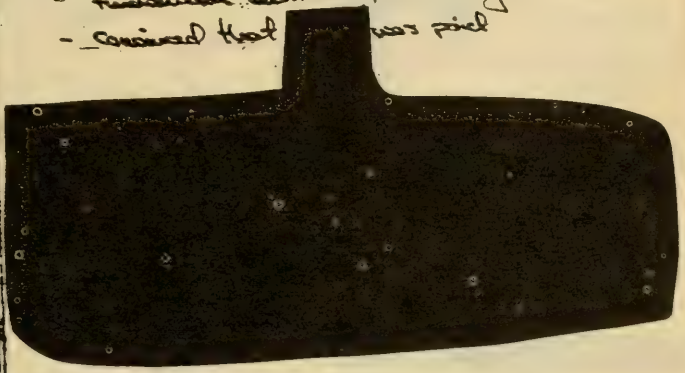
UNCLASSIFIED

12 Wan UNCLASSIFIED

0 1669

CL Candidate (cont'd)

- ~~350K page~~ for [illegible]
  payoff
- Ducts will be delivered
- Fundamental decision: Do we pay reason?
- Combined Heat [illegible] was tried



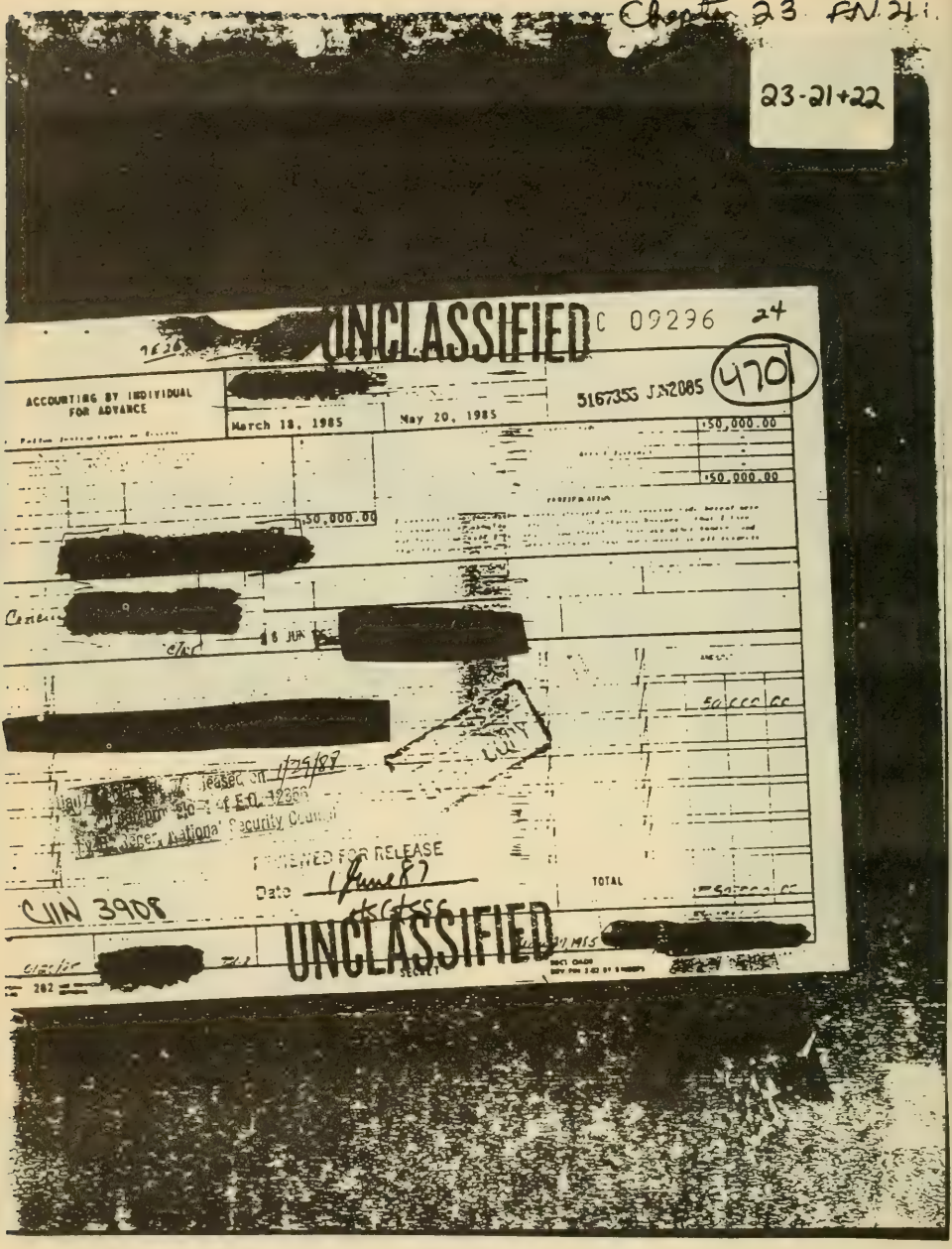
1/29/88

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4700

Chapter 23 FN 21.

23-21+22



SECRET (When Filled In)

82-684 923

ACCOUNTING BY INDIVIDUAL FOR ADVANCE

NOTE: Follow Instructions on Reverse

SUBMITTED BY (Last, First, Middle) [redacted]

VOUCHER NO.

PERIOD OF ACCOUNTING

FROM March 18, 1985 TO May 20, 1985

1. CASH ON HAND BEGINNING OF PERIOD	$	5. TOTAL LAPENSES (Itemized on reverse side)	$50,000.00
2. OUTSTANDING ADVANCES BEGINNING OF PERIOD		6. REFUNDS RECEIPT NO.	-
3. RECEIPTS THIS PERIOD		7. OUTSTANDING ADVANCES END OF PERIOD (Attach Itemized Listing)	-
RECEIPT NO. / DATE / DESCRIPTION		8. CASH ON HAND END OF PERIOD ON BALANCE DUE ADVANCEE	-
		TOTAL ACCOUNTED FOR	$50,000.00
4. TOTAL TO ACCOUNT FOR	$50,000.00		

CERTIFICATION

I certify that the disbursements itemized on the reverse side hereof were necessarily made by me in the conduct of official business, that I have not been, nor will I be, reimbursed therefore from any other source, and that this accounting and attachments are true and correct in all respects.

DATE SIGNATURE OF INDIVIDUAL HOLDING ADVANCE [redacted]

OBLIGATION REFERENCE NUMBER | SOC | CC | I CERTIFY FUNDS ARE AVAILABLE: DATE / AUTHORIZED SIGNATURE | ACKNOWLEDGEMENT OF RECEIPT: AMOUNT / CHECK NO.

AUTHENTICATION: DATE / SIGNATURE OF CERTIFYING OFFICER [redacted] CNB

DATE / SIGNATURE

SPACE BELOW FOR EXCLUSIVE USE OF OFFICE OF FINANCE

TRANS CODE	CODING AREA	MONETARY CONTROL NUMBER	AMOUNT
	[redacted]		
EXPLANATION OF ENTRY		TOTAL	

Retain Duplicate with Voucher for Your Records

Released under E.O. 12356 by National Security Council

UNCLASSIFIED

REVIEWED FOR RELEASE Date

DATE	PREPARED BY	EXT	DATE	REVIEWED BY	EXT	CERTIFIED FOR PAYMENT OR CREDIT: DATE / SIGNATURE OF CERTIFYING OFFICER

Form 282 use previous

SECRET

DECLOADR

140-511

923

UNCLASSIFIED

UNCLASSIFIED C 09298 26

EXPENSES THIS PERIOD:

VOUCHER NO	DATE	DESCRIPTION	AMOUNT
		Sensitive Joint Operation with DEA. Money was	$
		aded by DEA officers-to their source (SEO-471).	
Rcpt 1A-1B	1/3	Expenses for DEA source SEO-471 - operation.	14,500
Rcpt 2	1/	Expenses for DEA source SEO-471 operation.	20,000
Rcpt 3	2/	Expenses for DEA source SEO-471 operation.	30,000
Rcpt 4	1/	Receipt signed by DEA agent	
		when he picked up the $50,000 from	
		CIA OFFICER.	
		1/29/87	
		Only $50,000 was provided by CIA for this	
		operation.	
		TOTAL EXPENSES (Enter on Line 5)	$4,500

4703

INSTRUCTIONS

LINE OR SECTION

1. Enter on line 1 the amount of cash on hand at the beginning of the period, brought forward from the previous accounting period.

2. Enter on line 2 the amount of outstanding advances made to third parties, brought forward from the previous accounting period.

3. Enter in this section the amount of each receipt during the accounting period showing pertinent data, i.e., method or source of acquisition and applicable rate of exchange, if indigenous currency. If more space is required to explain receipts, prepare receipt form, number and attach hereto. In every case, completely identify the source of receipts.

4. Enter on this line the amount to be accounted for which shall be the sum of amounts shown in 1, 2, and 3

5. Enter on this line the total expenses of the period obtained from the detail of expenses itemized above. Amounts listed above in excess of $15.00 shall be supported by a receipt obtained from the payee or in lieu thereof a certificate explaining the lack of receipt.

6. Enter on this line the amount of any refunds of advances by the advancee indicating the number of the receipt obtained from the official cashier.

7. Advances made to third parties which remain outstanding at the end of the accounting period shall be consolidated and the total entered as a single amount on this line supported by a listing on a separate sheet. Final credit will not be given for disbursements which are advances to be accounted for. When accountings for advances are obtained, list as expenses or refunds of cash, as appropriate.

8. Enter on this line the amount of cash on hand or if the amount of the disbursements exceeds the amount advanced, the balance due the advancee shall be shown in parentheses, i.e. ( ), and treated as a minus amount in arriving at the "Total Accounted For," line 9.

9. Reflect on this line the "Total [illegible]" which must be the same amount shown on line 4 "Total Accounted For."

APPROVED FOR RELEASE
Date 1 June 87
HRP 87-2

C11N 3909 UNCLASSIFIED

UNCLASSIFIED

REQUEST FOR ADVANCE OF FUNDS

VOUCHER NO. C 09299

2. TRANS CODE	3. NAME (LAST, FIRST, MIDDLE)	4. EMPLOYEE NO.	5. OFFICE
[redacted]	[redacted]	[redacted]	NE/[redacted]

PAYABLE TO	ROOM	BUILDING	EXTENSION	AMOUNT
SAM ASHLOW	[redacted]	HQS	[redacted]	$50,000.00

6. PROJECT NUMBER	7. TYPE OF ADVANCE	8. ACTIVITY NO.	9. DUE DATE
[redacted]	[redacted]	[redacted]	SOC

PURPOSE (FIRST 24 CHARACTERS OF EACH LINE WILL BE ENTERED):

10. WHAT: SENSITIVE OPERATION WITH DEA

11. WHERE: [redacted]

12. WHEN: FEBRUARY 1981

13. WHY: SENSITIVE OPERATION-POSSIBLE TAKE-OVER FOR [redacted]

14. EXP CODE [redacted]

15. AGENCY CODE

16. OBLIGATION REFERENCE NO. [redacted]

ORN TYPE	ORN SUB #	17. SOC	18. AMOUNT
P	[redacted]		50,000.00
S			
S			
S			

CONCUR: [redacted] C/NE

19. MONETARY CONTROL NO.

20. TOTAL AMOUNT $50,000.00

REQUESTING OFFICER

DATE 2/6/81

SIGNATURE [redacted]

I CERTIFY FUNDS ARE AVAILABLE

DATE 2/6/81

SIGNATURE OF AUTHORIZING OFFICER [redacted]

APPROVED

DATE 2/6/81

SIGNATURE OF APPROVING OFFICER [redacted]

APP:

CERTIFIED FOR PAYMENT OR CREDIT

DATE 2/6/81

AUTHORIZED CERTIFYING OFFICER [redacted]

I agree that I will fully account for this advance by submission of vouchers and refund of any unexpended balance to the place of accounting stated and by the due date checked below. In the event of my failure to so account and refund any unexpended balance, I authorize deduction from my salary to effect settlement.

I authorize my agent, whose signature appears below, to receive currency amounting to _____ of official funds on my behalf and acknowledge receipt of such funds and my responsibility therefor, when paid to my agent.

RECEIPT FOR FUNDS ADVANCED

I acknowledge receipt of funds in the amount stated hereunder to be used for the purpose stated and accounted for as shown above.

DATE

SIGNATURE OF ADVANCEE

DATE [redacted] AMOUNT [redacted]

DATE

SIGNATURE OF ☐ ADVANCEE ☐ AGENT [redacted]

UNCLASSIFIED

DATE

PREPARED BY [redacted]

DATE

REVIEWED BY [redacted]

FORM 281 1-80 OBSOLETE PREV. EDITIONS SECRET

RVW 20 YRS FR DATE CERTIFIED DRV A9c3.2 BY 037858

(27 38-51)

UNCLASSIFIED Dpt 4 C 09300 18 MARCH 1985

CIA OFFICER

I HEREBY ACKNOWLEDGE RECEIPT OF $50,000.00 FROM [redacted]
IN SU[redacted] OF A JOINT SENSITIVE OPERATION. SAID AMOUNT WILL BE
ACCOUNTED FOR IN FULL UPON COMPLETION OF APPROVED ACTIVITY.

C [redacted]

4705

[redacted]

1/29/88

UNCLASSIFIED A

SIN [redacted] 3911

[redacted]
1 Jun 87
1 TSC 455C

12-23

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

23-28

1 PAGE C 09259

Chapter 23 FN #28

DENIED IN

TOTAL

4706

UNCLASSIFIED

Chapter 23 FN# 30: 32

C 05282

UNCLASSIFIED

23-30 to 32

15 May 1985

MEMORANDUM FOR THE RECORD

SUBJECT: [redacted] Operation

1. Abe Azzam telephoned this date to advise that he had contacted the DEA source [redacted]. The message passed was as follows: Family and old friends could not determine whether the "proof" was valid. However, interest had been piqued and there was a request for answers to one or more of five additional questions which would be passed to the DEA source by his handler. (The questions suggested by [redacted] CIA OFFICER [redacted], have been cabled to the DEA [redacted]) Azzam commented that the source initially seemed somewhat reluctant to return and ask for more proof, but said he would do so.

[redacted]

4707

[redacted]

cc: DDO (eyes only)
AC/NE (eyes only)
NE/[redacted] (eyes only)

1/29/87

UNCLASSIFIED

CLASSIFIED BY [redacted]
DECL: OADR
DERIVED FROM HUM 4-82
ALL SECRET

CIN 3899

82-684 929

1 June 87

UNCLASSIFIED

C 09283

14 May 85

MEMORANDUM FOR THE RECORD

On 14 May 1985, DEA agents Abe ADAM and [redacted] met [redacted] discuss the latest trip of the DEA agent [redacted] to [redacted] from which had he returned with alleged bona fides of contact with the group holding Buckley.

[redacted]

THIRD AGENCY DEA

4708

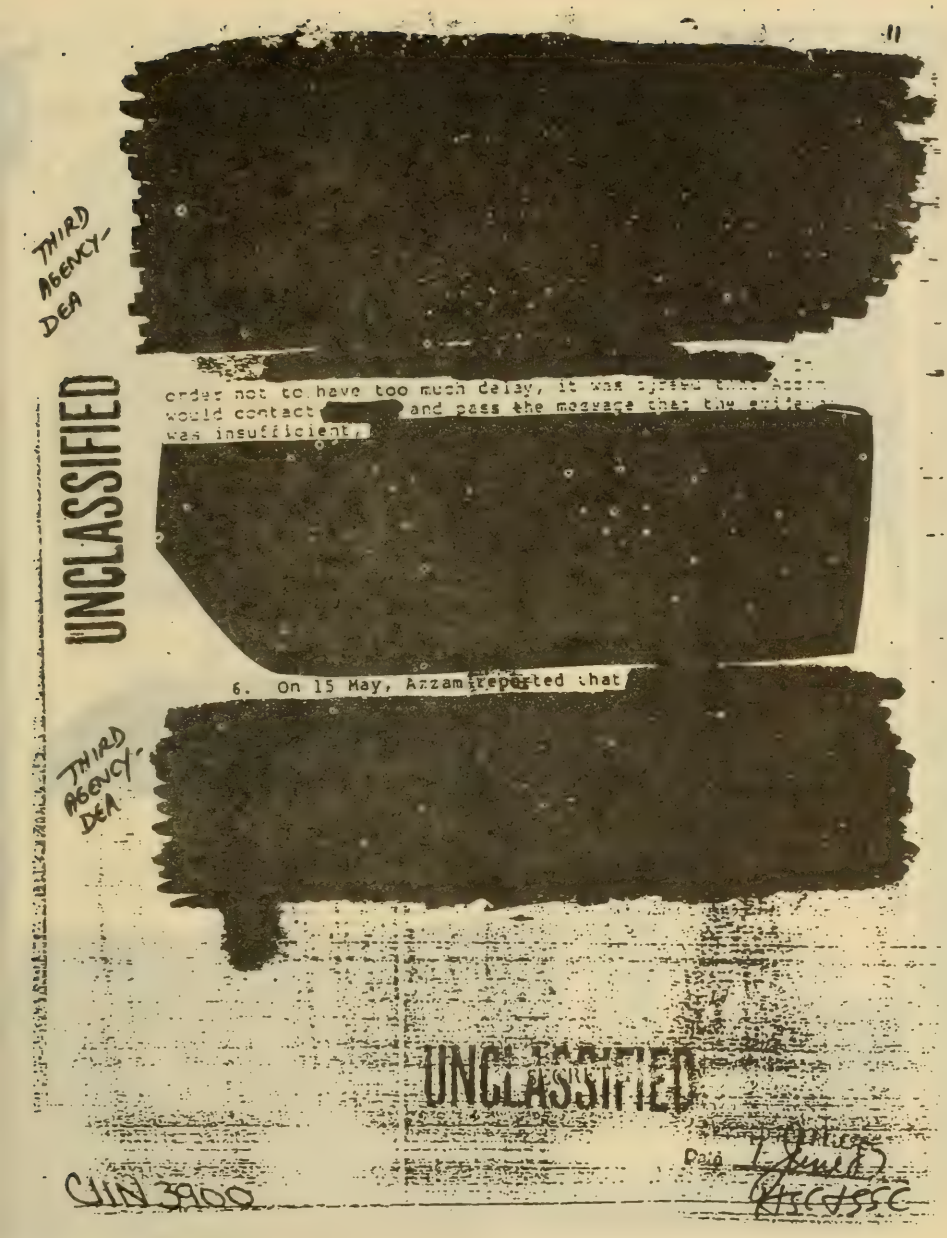
WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

UNCLASSIFIED

[redacted]

REVIEWED FOR RELEASE
Date [illegible]

CIN 3900


THIRD AGENCY - DEA
UNCLASSIFIED
order not to have too much delay, it was agreed that Azzam would contact [redacted] and pass the message that the evidence was insufficient.
6. On 15 May, Azzam reported that
THIRD AGENCY - DEA
UNCLASSIFIED
UNCLASSIFIED
CIN 3900

Chapter 23 PN # 36 & 37

23-36+37

UNCLASSIFIED 22 MAY '85 0 1854

0830 Wkg. Dec, Oklahoma [redacted] Jim mailed, o.

Water for Beer:

- Sample version: ZBH, buffered in HCl

- House version: long on something long

- long been used up

Hard Seltzer/Hard Lemonade/

1985 - Wkg on/ [redacted]

- at an impasse

- inside that building

- afraid of bombs

- Final norm: $200K for beer/jobs

2 people = $1.5 m in seed bank

5 mk - work

2 running better

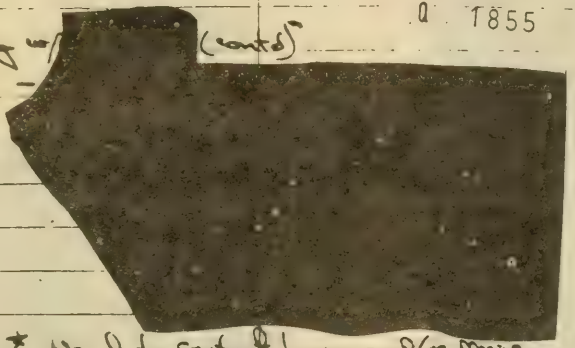
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Q 1855

(cont'd)



★ Need to consult lawyer and/or Mario directly to ensure that this procedure

- different phases of operation
- exposure of clot is a problem



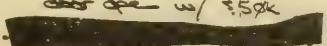
report directly to Hedegor

Jump at Bruce on this matter.

- Gets DEA off back
- Azam is in hospital

★ —— • once Zook is delivered, bodies will be moved in 2-3 days.

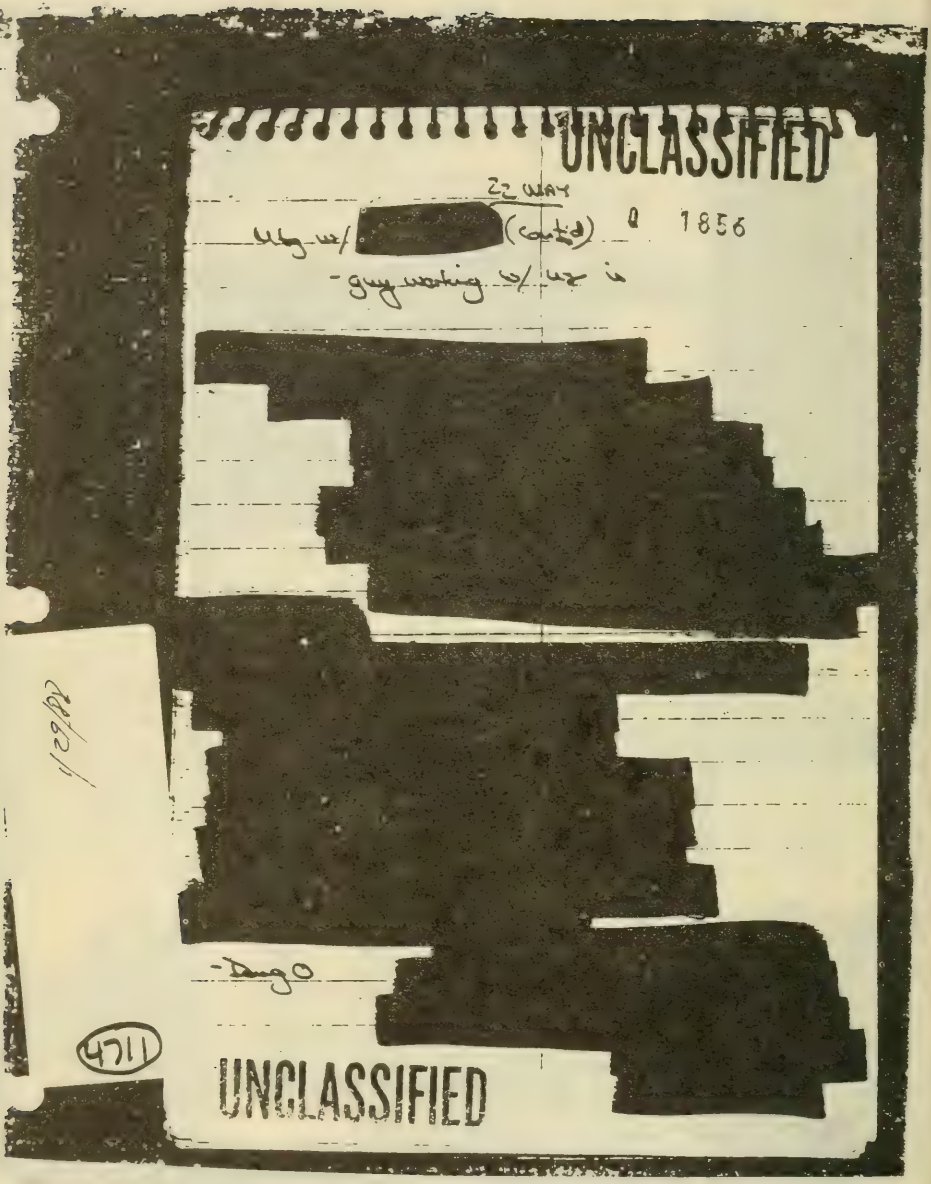
+ If price is too high, need to keep door ope w/ 5.5ok



afraid that this could look our [illegible] in

UNCLASSIFIED

4716


UNCLASSIFIED
22 WAY
(cont'd)
1856
-guy working w/ 42 is
-Dago
4711
UNCLASSIFIED

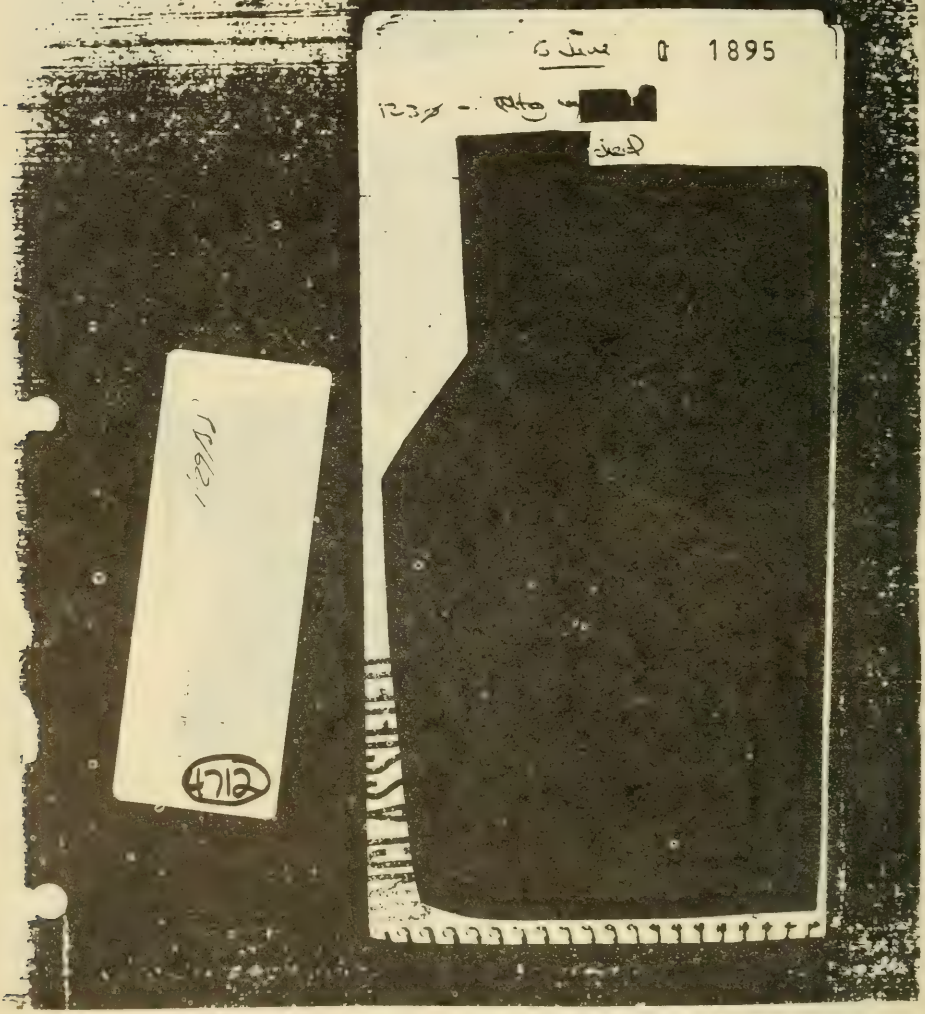
23-53

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN # 54

23-54

UNCLASSIFIED



23-59+63
+65

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN # 66

UNCLASSIFIED

F B 002839

23-66

May 7, 1987

MEMORANDUM TO: The Director

FROM: Oliver B. Revell
Executive Assistant Director
Investigations

SUBJECT: DEA ASSISTANCE PROVIDED TO THE NATIONAL SECURITY COUNCIL STAFF IN REGARD TO THE HOSTAGES IN LEBANON

This is to confirm information orally provided to you on 4/29/87.

While accompanying the Attorney General on a trip to Brussels, Belgium, to attend meetings [redacted] Mr. Charles Allen, the National Intelligence Officer for Counterterrorism, advised me that he wanted to discuss a sensitive issue in regard to the hostage situation.

Mr. Allen advised that he had recently been interviewed by Mr. Arthur L. Liman, Chief Counsel for the Senate Select Committee on the Iran Contra matter. Mr. Liman showed Allen an action paper from Lt. Col. Oliver North to Assistant to the President for National Security Affairs Bud McFarland concerning the use of DEA Agents to effect the release of hostages held in Lebanon. Mr. Allen indicated that the memorandum was dated in either June or July 1985. He further advised that the memorandum indicated that DEA Administrator Jack Lawn had seconded two DEA Agents [redacted] and [redacted] to Oliver North for assistance to the National Security Council (NSC) on hostage issues. Mr. Allen also indicated that these Agents had traveled overseas on behalf of the NSC at North's direction and had allegedly expended approximately $60,000 in DEA funds on behalf of the NSC.

1-Mr. Revell (Original notes attached)
1-Mr. Baker
1-Mr. Clarke
OBR:kvw (5)

4713

UNCLASSIFIED

UNCLASSIFIED

F B 002800

Memorandum to The Director

Mr. Allen inquired as to whether or not the FBI, specifically you or I, were aware of this situation and he further indicated he had not been aware of the seconding of DEA Agents to Col. North until this matter was raised with him by Mr. Liman.

I advised Mr. Allen I was totally unaware of any such information and that I was certain you were as well. I told Allen that we were both aware that [redacted] but that neither of us to my knowledge had any information concerning DEA Agents traveling overseas on behalf of the NSC or being seconded to the NSC under North's direction.

Upon my return from Brussels, I orally briefed you concerning this information at which time you confirmed to me that you were unaware of DEA Agents being used in any capacity to assist Col. North. Thereafter you placed a telephone call to Mr. Jack Lawn, Administrator of DEA; however, he was not immediately available and you were not able to contact him during our discussion.

UNCLASSIFIED

ROUTING			
TO	NAME AND ADDRESS	DATE	INITIALS
1	LTC Oliver North		
2	NSC		
3			
4			

	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE

REMARKS

FROM: NAME, ADDRESS AND PHONE NO.	DATE
DCI/HLTF	

Chap I
FY - 70
72

~~UNCLASSIFIED~~
(Security Classification)

N 7435

24 Apr 85

CONTROL NO. 1 of 1

NOT THRU REGISTRIES

23-70+72

Handle Via

~~UNCLASSIFIED~~
Channels

Access to this document will be restricted to those approved for the following specific activities:

[redacted]

Released in full 1/22/93
pursuant to E.O. 12356
National Security Council

4714

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

[redacted]

NLS-I-52
12-22-86

~~UNCLASSIFIED~~
Security Classification

UNCLASSIFIED [redacted]

Central Intelligence Agency

Washington D.C. 20505

24 April 1986

MEMORANDUM FOR: LTC Oliver North
National Security Council

N 7436

FROM: Major [redacted]
DCI/HLTF

SUBJECT: Options to Secure the Release of US Hostages

[redacted]

The back channel initiative with Iran could well result in the release of the hostages. Iran has substantial influence over the captors and probably could effect a release of American hostages if Ayatollah Khomeini intervened directly to give his approval, even though Iranian influence over the hostages diminished [redacted] The United States would be obliged to make concessions to Iran. Iran is very interested in acquiring crucial military equipment and spare parts to support their current operations against Iraq.

[redacted]

1/29/88

UNCLASSIFIED [redacted]

4714

UNCLASSIFIED [redacted]

N 7437

One drawback to this initiative is that either the Iranian Government or one of the factions within the Government might publicly expose any US concessions to Iran simply to embarrass the present Administration. [redacted]

[redacted]

[redacted] Major, US Army

UNCLASSIFIED [redacted]

UNCLASSIFIED

4 PAGES

N-7438 thru N-7441

DENIED IN

TOTAL

UNCLASSIFIED

Chapter 23 FN 8

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

23-82a

June 11, 1986

N 4247

Dear Ross:

I have been briefed on your effort over the past several weeks on behalf of our Americans abducted in Beirut. On behalf of the American people, I want to thank you for your discreet assistance in this regard. My hope is that we may yet succeed in reuniting these men with their families and loved ones. Thanks again and God bless you.

Sincerely,

Ron

Mr. H. R. Perot

[redacted]

THE WHITE HOUSE

UNCLASSIFIED

4715

Mr. H. R. Perot

[redacted]

UNCLASSIFIED

Chapter 23 FN# 98

J 9069

3 Dec 46

8:10 am

8:55 - 8:55

23-98

8:10 group + Webster
re: Iranian matter

CK Perot answer —

— to "know" or "authorized"

UNCLASSIFIED

4716

~~UNCLASSIFIED~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

N 2927

Non-Log

23-113

September 15, 1986

~~TOP SECRET~~

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Follow-on Meeting with Amiram Nir

You are scheduled to meet with Ami Nir again this afternoon at 1:30 p.m. for 10 minutes. Purpose of this meeting is to debrief Nir on his meetings with Peres over the weekend.

[redacted] Issues, which Prime Minister Peres may raise privately with the President, are outlined at Tab III. Nir notes that it is unlikely that Peres will discuss any of these with anyone else in the room.

RECOMMENDATIONS

1. That you privately discuss the papers at Tabs I and II with Director Casey and indicate next steps after the conversation.

Approve ✓ Disapprove ____ See notation on Tab II. Discuss Tab I during meeting.

2. That you brief the President on the initiatives outlined at Tab III.

Approve ✓ Disapprove ____ Done

Attachments
Tab I [redacted]
Tab II [redacted]
Tab III - Possible Peres Discussion Items with the President

Partially Declassified/Released on 6/1/1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1506

~~UNCLASSIFIED~~

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

3-pages deleted in their entirety

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED September 15, 1986

POSSIBLE PERES DISCUSSION ITEMS WITH THE PRESIDENT

Amiram Nir, the Special Assistant to Prime Minister Peres on Counter-Terrorism, has indicated that during the 15 minute private discussion with the President, Peres is likely to raise several sensitive issues:

--

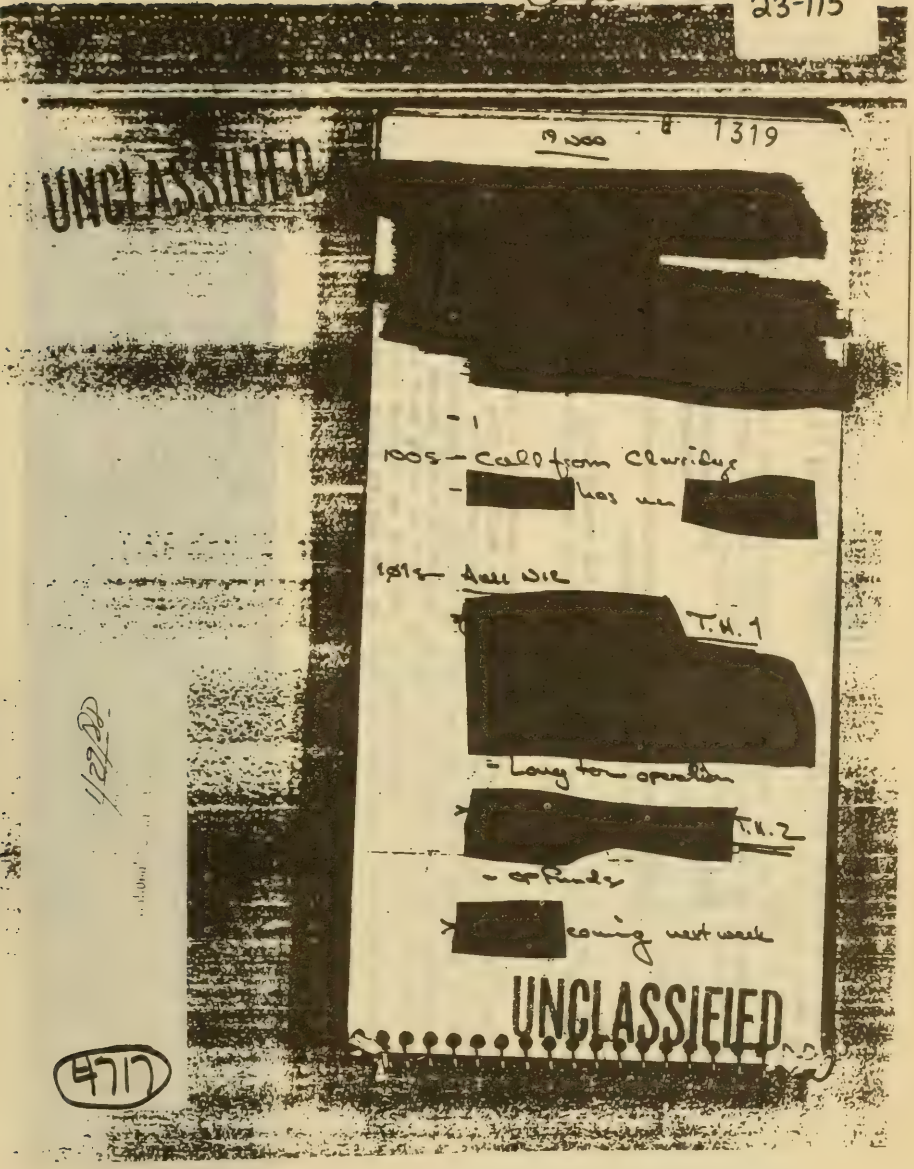
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Hostages: Several weeks ago, Peres expressed concern that the U.S. may be contemplating termination of current efforts with Iran. The Israelis view the hostage issue as a "hurdle" which must be crossed enroute to a broadened strategic relationship with the Iranian government. It is likely that Peres will seek assurances that the U.S. will indeed continue with the current "joint initiative" and ensure that we will include the two missing Israelis in the process. In that neither Weir nor Jenco would be free today without Israeli help (particularly in logistics), it would be helpful if the President would simply thank Peres for their discrete assistance.

--

~~TOP SECRET~~
Declassify: OADR UNCLASSIFIED

Chapter 23 23-115



UNCLASSIFIED

To: NSJHP --CPUA

Read Reply to note of 05/30/86 10:21

NOTE FROM: TRIP HINE

Subject: HOSTAGES

I fully agree that if the current effort fails to achieve release then such a mission should be considered. You will recall that we have not had such success with this kind of endeavor in the past, however.

[redacted] Copp undertook to see what could be done thru one of the earlier contacts. Dick has been working with Wir on this [redacted] Dick rates the possibility of success on this operation as 30%, but that's better than nothing.

With regard to U.S. military rescue ops, JCS has steadfastly refused to go beyond the initial thinking stage unless we can develop some hard intelligence as to their whereabouts. We already have

If we really are serious, we should start by getting CIA to put a full time analyst on the HLTP and then organizing a planning cell- preferably not in the pentagon, but at CIA, to put the operation together. Dick, who has been in Beirut, and who organized the second Iran mission, is convinced that such an operation could indeed be conducted. My concern in this regard is that JCS will insist on using most of the [redacted] in such an undertaking. If you want me to task this thru the OSG we will do so, but urge that we start by you having Casey staff the HLTP as

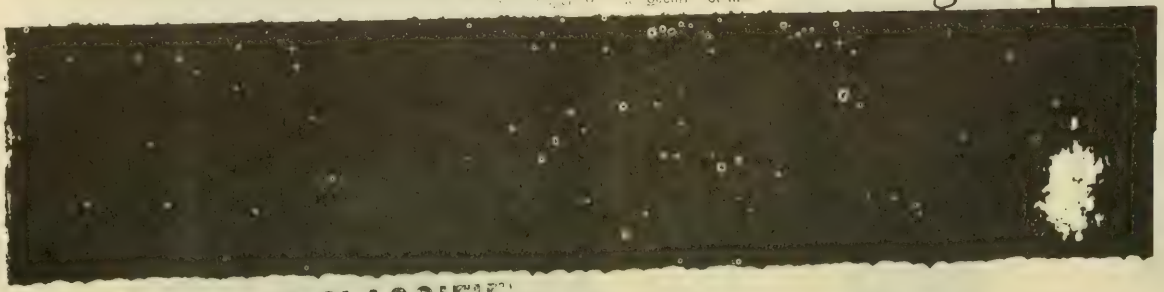
N 12543

5/6/87

Declassified/Released on 7/26/06 under provisions of E.O. 12958 by State Department Review Group

JMP 7/26/06

(467)



950

23-116

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23-118

DENIED IN
TOTAL

4971

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EXHIBIT
ER 0053

23/121

23-121

411



UNCLASSIFIED

23-122

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN# 126

UNCLASSIFIED

23-126

ER 033

Technical equipment M/V "ERRIA"

Specification

POS. 1----------	3.643 CASES	G.W.	109.290,-Kgs.
POS. 2----------	100 CASES	G.W.	4.800,-Kgs.
POS. 3----------	500 CASES	G.W.	16.500,-Kgs.
POS. 4----------	63 CASES	G.W.	1.764,-Kgs.
POS. 5----------	4 CASES	G.W.	300,-Kgs.
POS. 6----------	117 CASES	G.W.	6.346,-Kgs.
POS. 7----------	300 CASES	G.W.	29.040,-Kgs.
POS. 8----------	3 CASES	G.W.	255,-Kgs.
POS. 9----------	18 CASES	G.W.	1.503,-Kgs.
POS.10----------	2 CASES	G.W.	207,-Kgs.
POS.11----------	3 CASES	G.W.	75,-Kgs.
POS.12----------	11 CASES	G.W.	413,-Kgs.
POS.22----------	357 CASES	G.W.	10.710,-Kgs.
	5.121		181.203,

1/29/80

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4718

LINER BILL OF LADING

B/L No 2

Reference No

UNCLASSIFIED

ER 0007

Shipper

DYNEX - PORTUGAL
REPRESENTAÇÕES, IMPORTAÇÃO, EXPORTAÇÃO, LDA
LISBOA / PORTUGAL

Consignee

[redacted]

Notify address

Pre-carriage by* | Place of receipt by pre-carrier*

Vessel: "ERRIA" | Port of loading: SETUBAL

Port of discharge: [redacted] | Place of delivery by on-carrier*

COPY NOT NEGOTIABLE

Marks and Nos.	Number and kind of packages, description of goods	Gross weight Kilos	Measurement
NO MARKS NO NUMBERS	5.121 PCKS. AMMUNITIONS + GUNS	181.203,-	

1/29/88

4719

Particulars furnished by the Merchant

Freight details, charges etc.

Daily demurrage rate (additional Clause A)

SHIPPED on board in apparent good order and condition, weight, measure, marks, numbers, quality, contents and value unknown, for carriage to the Port of Discharge or so near thereunto as the Vessel may safely get and lie always afloat, to be delivered in the like good order and condition at the aforesaid Port unto Consignees or their Assigns, they paying freight as indicated to the left plus other charges incurred in accordance with the provisions contained in this Bill of Lading. In accepting this Bill of Lading the Merchant expressly accepts and agrees to all its stipulations on both pages, whether written, printed, stamped or otherwise incorporated, as fully as if they were all signed by the Merchant.

One original Bill of Lading must be surrendered duly endorsed in exchange for the goods or delivery order.

IN WITNESS whereof the Master of the said Vessel has signed the number of original Bills of Lading stated below, all of this tenor and date, one of which being accomplished, the others to stand void.

E. The transport mentioned in this B/L is also subject to clauses of Owners Bills of Lading.

F. O contrato de transporte definido pelo presente conhecimento de carga rege-se pelo Decreto-Lei n.º 37.748 de 1 de Fevereiro de 1950 e pelas disposições da Convenção de Bruxelas de 25 de Agosto de 1924 por aquele Decreto-Lei integradas no Direito Português.

G. Este conhecimento não é válido para despachar na Alfândega sem ser validado pela Agência de navio.

Freight payable at	Place and date of issue of issue
Number of original B/L	Signature

MARSHAL

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23 : 11 # 127

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by The Baltic and International Maritime Conference
Code-name: "SALEFORM"
Revised 1966
Ex-name 1956

ER 0013

EXHIBIT

Memorandum of Agreement

Arne Herup
Gasværksvej 15, 6960 Marstal Dated: Copenhagen, 28/4/86.
Denmark

hereinafter called the Sellers, have today sold, and
Messrs Dolmy, Business Inc., a conperation organnized, existing and in good standing under the laws of the Republic of Panama.

hereinafter called the Buyers, have today bought M/V " ERRIA " 23-127
Class: Bureau Veritas
Built: 1973
Register Tonnage: Grosstonnage: 299,99 Net tonnage: 162,04
with everything belonging to her, on board and on shore, (see § 7), on the following conditions:

§ 1. Price: Dkr. 2.500.000,- including the deposit provided in par. 2 below, in balance to Sydfyns Disconto bank, Bredgade 32, Denmark, to be paid upon delivery of vessel and acceptance by the buyer.

§ 2. As a security for the correct fulfilment of this contract, the Buyers shall pay a deposit of 10% — ten per cent — of the Purchase Money on signing this contract.
This amount shall be deposited with
Sydfyns Discontobank
Bredgade 32 - Denmark
and held by them in a joint account for the Sellers and the Buyers. Interest, if any, to be for Buyers' account. Any fee charged for holding said deposit, shall be borne equally by the Sellers and the Buyers.

§ 3. The said Purchase Money shall be paid in as per
Par. 1. above
on delivery of the vessel, but not later than 3 days (Sundays & Holidays excepted) after the vessel is ready for delivery and written notice hereof has been given to the Buyers by the Sellers.

§ 4. The Sellers ~~shall provide~~ has provided for inspection of the vessel at in Marstal, Denmark, which vessel is now under repair.
~~and the Buyers shall undertake the inspection without undue delay~~ have undertaken an inspection of the vessel. when the repair is completed.
The vessel shall be delivered and taken over at in Marstal, Denmark
subject to a final inspection and acceptance by the buyer.
Should the vessel become a total or constructive total loss before delivery, this contract shall be considered null and void and the deposit immediately released to the Buyers.

§ 5. The Buyers ~~shall inspect~~ has inspected the vessel afloat without any opening up and without cost to the vessel. During the inspection the vessel's log books for engine and deck ~~are~~ have been made available for Buyers' examination. ~~If the vessel is accepted after such inspection the parties shall be bound, the Sellers have received written notice of the result of the inspection~~
~~Should the vessel be rejected as a result of such inspection and the deposit released to the Buyers~~

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§ 6. For inspection of bottom and other underwater part(s), the Sellers ~~arran~~ placed ~~place~~ the vessel in drydock at the port of delivery. If rudder, propeller, bottom or other underwater part(s) be found broken, damaged or defective, so as to affect the vessel's clean certificate of class, same shall be made good at the Sellers' expense ~~or~~) ER 0071 ~~satisfaction without qualification on such underwater part(s).~~

Whilst the vessel is in drydock, ~~and if required by the Buyers or the representative of the Classification Society~~, the Sellers ~~shall arrange~~ have arranged to have the tail-end shaft drawn. ~~Should same be condemned or found defective so as to affect the vessel's clean certificate of class, it shall be renewed or made good at Sellers' expense to the Classification Society's satisfaction without qualification on such underwater part(s).~~

~~The expenses of drawing and replacing the tail-end shaft shall be borne by the Buyers unless the Classification Society required the tail-end shaft to be drawn (whether damaged or not), renewed or made good, in which event the Sellers shall pay these expenses.~~

The expenses in connection with putting the vessel in and taking her out of drydock, including drydock dues and the Classification Surveyor's fees shall be paid by the Sellers if rudder, propeller, bottom, other underwater part(s) or the tail-end shaft be found broken, damaged or defective as aforesaid or if the Classification Society requires the tail-end shaft to be drawn (whether damaged or not). ~~In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.~~

The Sellers shall at their own expense bring the vessel to the drydock and from the drydock to the place of delivery.

§ 7. Unless otherwise agreed the Buyers shall take over and pay the current market price at the port of delivery for provisions, remaining bunkers, unused oil ~~and unused stores~~. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s), if any, belonging to the vessel at the time of inspection, used or unused whether on board or not shall become the Buyers' property. Forwarding charges, if any, shall be for the Buyers' account. The Sellers, however, are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s) which have been taken out of spare and used as replacement prior to delivery.

* see §16.

~~The Sellers have the right to take ashore crockery, plate, cutlery, linen and other articles bearing the Sellers' flag or name, provided they substitute same with adequate number or similar marked items for officers and crew. Library, forms, etc. exclusively for use in Sellers' vessels, shall be excluded without compensation.~~

Payment under this clause shall be made in the same currency as the Purchase Money.

§ 8. In exchange for payment of the Purchase Money the Sellers shall furnish the Buyers with legal Bill of Sale of the said vessel free from all encumbrances and maritime liens, duly notarially attested and legalised by the Panamanian consul together with a certificate stating that the vessel is free from registered encumbrances. On delivery of the vessel the Sellers shall provide for the deletion of the

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vessel from the Ships Register and deliver a certificate of deletion to the buyers

The deposit shall be placed at the disposal of the Sellers as well as the balance of the Purchase Money, which shall be paid as agreed together with payment for items mentioned in § 7. , except as previded for below par. 18. Current 0015

The Sellers shall, at the time of delivery, hand to the Buyers ~~xx~~ classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession. The same applies to log books, unless otherwise agreed.

§ 9. The Sellers guarantee that the vessel, at the time of delivery, is free from all encumbrances and maritime liens or any other debts whatsoever. Should any claims, which have been incurred prior to the time of delivery be made against the vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims. Any taxes, notarial and/or consular and/or other charges and/or expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, notarial and/or consular and/or other charges and/or expenses connected with closing of the Sellers' register, shall be for Sellers' account.

§ 10. The Wireless Installation and all navigational equipment including radar, and Nautical Instruments shall be included in the sale without any extra payment, ~~if same is the property of the Sellers~~.

§ 11. The vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, but subject to the conditions of this contract, the vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.

§ 12. The Buyers undertake to change the name of the vessel and alter funnel markings before trading the vessel under new Ownership.

§ 13. Should the Purchase Money not be paid as aforesaid, the Sellers have the right to cancel this contract, in which case the amount deposited shall be forfeited to the Sellers. If the deposit does not cover the Sellers' loss, they shall be entitled to claim further compensation for any loss and for all expenses together with interest at the rate of 5% per annum.

~~Should the Buyers unduly delay the inspection of the vessel, they shall compensate the Sellers for any loss thereby incurred.~~

§ 14. If default is made by the Sellers in the execution of a legal transfer or in delivery of the vessel with everything belonging to her in the manner and within the time herein specified, and the default shall have arisen from events for which the Sellers are responsible, the Buyers shall have the right to cancel this contract and the deposit in full shall be returned to the Buyers together with interest thereon at the rate of 5% per annum. The Sellers shall, in addition, make due compensation for any loss caused to the Buyers by non-fulfilment of this contract.

§ 15. If any dispute should arise in connection with the interpretation and fulfilment of this contract, same shall be decided by arbitration in

*) The name of the Classification Society to be inserted.

**) Notes, if any, in the Surveyor's report which are accepted by the Classification Society without qualification are not to be taken into account.

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the city of London according to English law.

and shall be referred to a single Arbitrator to be appointed by the parties hereto. If the parties cannot agree upon the appointment of the single Arbitrator, the dispute shall be settled by three Arbitrators, each party appointing one Arbitrator, the third being appointed by ~~The Baltic and International Maritime Conference~~ the London Maretime Arbitrators' association in ~~Copenhagen~~ London. If either of the appointed Arbitrators refuses or is incapable of acting, the party who appointed him, shall appoint a new Arbitrator in his place.

If one party fails to appoint an Arbitrator — either originally or by way of substitution — for two weeks after the other party having appointed his Arbitrator, has sent the party making default notice by mail, cable or telex to make the appointment, The ~~Baltic and International Maritime Conference~~ London Maretime Arbitrators association shall, after application from the party having appointed his Arbitrator, also appoint an Arbitrator on behalf of the party making default.

The award rendered by the Arbitration Court shall be final and binding upon the parties and may if necessary be enforced by the Court or any other competent authority in the same manner as a judgment in the Court of Justice.

r. 16: The provisions, bunkers, luboil, which seprately are to be paid for are as follows :

1 televisions	Philips 24" colour	Price	Dcr.	5.000,-
1 video	Philips VHS	"	-	5.000,-
50 tons gasoil		"	-	92.925,-
300 litres luboil		"	-	3.633,-
500 litres paint á Dcr. 20,-		"	-	10.000,-
In total			Dcr.	116.558,-

The vessel shall be delivered on an "as is, where is" basis with all class and trading certificates as they are onboard the vessel.

Sole distributor in England Messrs S. Straker & Sons Ltd London
Printed and sold by Halvorsen & Larsen A/s Oslo

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UNCLASSIFIED ER 0017

Par. 17. The seller represents and warrants to the buyer that at the signing of this memorandum of agreement there exists only one lien against the vessel, namely a first lien in favour of MARSTAL SPAREKASSE, to secure a loan made by said MARSTAL SPAREKASSE to seller in the approximate amount of One Million Kroner, which amount he undertakes not to increase, and that there are no other liens or encumbrances standing against the vessel, whether recorded or not, whether within Denmark or without, and whether for funds borrowed, provisions and supplies purchased for use on the vessel, repairs to the vessel, for sailors or seamen engaged on the vessel, for port charges, docking fees, or for any other cause or reason whatsoever.

Par. 18. The seller represents and warrants that he shall execute contemporaneously with the execution of this memorandum of understanding an irrevocable letter of instructions to the Sydfyns Discontobank with respect to the account to which the purchase price is to be paid by the buyer, providing as follows :

a) That funds shall be withdrawn from said account only by the joint signatures of ~~Peter Schaumburg-Müller~~, attorny for the seller and ~~Ole Stahr~~, attorny for the buyer, until the debt, together with interest and all bank charges pertaining thereto, shall be paid by them to MARSTAL SPAREKASSE, they shall have obtained from Marstal Sparekasse a release or satisfaction or the lien on the vessel, and they shall have recorded said release or satisfaction in the ship's Register of Denmark (Skibs registeret).

b) That an amount necessary to pay the fees to strike the registration of the vessel from the'Skibs registeret'shall be paid or reserved for payment by the two above said attorneys.

c) That upon the provisions above having been complied with, the signature power on said account of the two attorneys shall be renounced by them and shall be that or the seller or his designee.

Par. 19. Delivery of the vessel in sea-worthy condition by the seller to the buyer shall be made not later than noon on 10th May 1986. Time is of the essence in this agreement, and failure by the seller to so deliver shall give the right to the buyer to terminate its obligation to purchase the vessel and to recover its deposit. Not-with-standing the foregoing, the buyer shall have the right to waive its right to terminate in the event of late delivery and it may, at its sole option, extend the date for delivery at any time, and from time to time, and any such waiver made by the buyer shall not be deemed to deny to the buyer the right to terminate its obligation to purchase upon any extended delivery date or dates. Any such waiver by the buyer shall be in a writing signed by the buyer or by a telex sent by it to seller or his representative.

Par. 20. The seller, through its agent, has represented the buyer that sales of comparable vessels (to wit the M.V. "RAAGØ" and M.V. "HANS BOYE ") were made for the respective amounts of US$. 295.000 and Dcr. 3.475.000 , and he undertakes to furnish to buyer evidence, in form satisfactory to buyer, corroborating said sales prices.

Par. 21. The parties represent to each other that the only broker in this transaction is S.A. Chartering Aps, that the seller agrees to pay its fee, and that each will hold the other harmless from the claim of any broker and agent, who claims any commission or compensation in connection with this transaction.

Par. 22. Each party agrees that he or it will pay his own attorney's fees.

COPENHAGEN April 28, 1986

THE SELLER

The Buyer

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EXHIBIT

Forevist i Skibsregistret
d. 15/ 198 ad dagbogsnr. 1

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ER 0078

BILL OF SALE
PANAMA

Official Number (or Provisional Navigation Licence Number): D. 2141
Name of Ship "ERRIA" (ex "VERALIL")
No. Date and Port of prior Registry 1973 - Esbjerg
Type of Ship (Sailing, Steam or Motor): Motorvessel
Horse Power of Engines, if any 600 BHP
Length: 152' Breadth: 27'2'' Depth: 16'1''
Title recorded in Panama (for the event that the vessel is already registered in Panama):
Volume:, Folio:, Entry No.:
on th, 19, of the Mercantile Section of the Public Registry of the City of Panama, Republic of Panama.
Tonnage: Gross: 299,99
Net/Registered 162,04
and as described in more detail in the Certificate of the Surveyors and the Register Book.

We, (a) Captain Arne Herup
(hereinafter called "the Vendors") having our principal place of business at (b)
Gasvaerksvej 15, DK-6960 MARSTAL
in consideration of the sum of DKR: 2.500.000,00
paid to us by (c) Messrs. Dolmy Buisness Inc.
of (d) Panama
(hereinafter called "the Purchaser") the receipt whereof is hereby acknowledged, transfer our whole title to, and interest in, the ship above particularly described, and in the boats, tackle and other appurtenances belonging to the said ship, to the Purchasers. Further we, the Vendors, for ourselves and our successors covenant with the Purchasers and its assigns that we have the power to transfer the said Ship and title thereto in the manner aforesaid and that the same is free from incumbrances.

In witness whereof we have hereto affixed our corporate seal/signature this 28
day of APRIL one thousand nine hundred and seventy 86.
By:

(e) Captain
(Title of signatory)

ACCEPTANCE OF SALE

The Undersigned, (f) ALBERT HAKIM, on behalf, of and representing the Purchasers named in the annexed Bill of Sale, in my position as (g) legal representative of the said Purchasers, hereby accept for all legal purposes, the sale and transfer effected by the said Bill of Sale to this Corporation by (e)
Captain A. Herup of the vessel "Errea"
(to be renamed "Dawn") referred to in the said Bill of Sale.

Dated the 29th day of April, 1986.

* AS PER TERMS AND CONDITIONS OF SALES AGREEMENTS DATED 28-4-86

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ER 0019

This is to certify that

Mr. ARNE HERUP and
Mr. ALBERT HAKIM,

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whose identity was proved to me in my presence have signed this document.
In testimony whereof I have hereunto signed my name and affixed the seal of my office.

Notariate of Copenhagen, Denmark, April, the 29.th. 1986.

Fees: 150,- cr.

Notary public of Copenhagen

S. KORSNER
NOTAR

El Infrascrito Cónsul de Panama en Copenhague, Dinamarca,
CERTIFICA:

Que la firma que precede de S. Korsner
quien ejerce el cargo de notario público
en Copenhague
Dinamarca es auténtica. 02 MAJ 1986
Copenhague,

CONSULADO DE LA REPUBLICA DE PANAMA
COPENHAGUE

p. p. Cónsul Klaus Lembcke

KLAUS LEMBCKE
Cónsul

LISE PENTER
Secretaria

Ar. 60 Derechos: B/10.00
Cambio: B/1.00 = CD 9,-
Recibo No. 353/95

DANMARK
05.5.86 13 3 5
SKIBSREGISTRET
STEMPELAFGIFT
10000

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Not.K.J.Nr. 3467 /86

23 #128

DD/I 86-0414/2

SECRET

23-128

MT65-02

SUBJECT: Item for Discussion at DCI Meeting with Assistant to the President for National Security Affairs Poindexter on 15 May 1986

1. [redacted]

operation-
unrelated
to

2. [redacted]

3. We have examined and rejected the possibility of using a privately owned Danish flag ship, the ERRIA, which was proposed by a member of the NSC staff. This ship is not a viable option for technical reasons and because former Agency officer Tom Clines is involved in the ownership.

FO 122624

4721

CIN 3888

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

SECRET

15

[redacted]

UNCLASSIFIED TOP SECRET [redacted]

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

11005

~~TOP SECRET~~ [redacted] SENSITIVE

23-129

INFORMATION

May 14, 1986

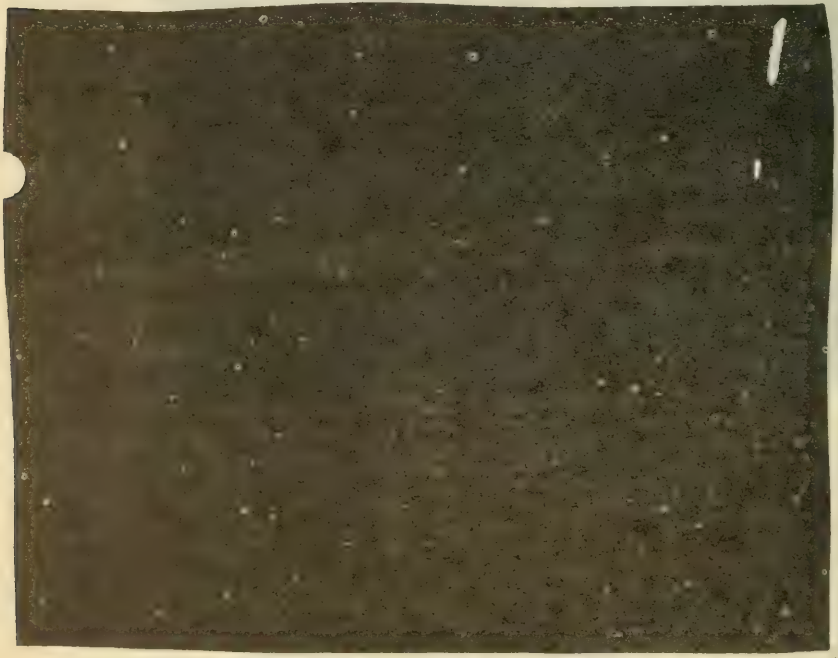
Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: VINCENT M. CANNISTRARO

SUBJECT: Agenda for Your Weekly Meeting With the DCI, Thursday, May 15, 1986

You are scheduled to meet with Director Casey and Deputy Director Gates in your office at 5:00 p.m. on Thursday, May 8, 1986. The following items are on the agenda, according to the DCI's staff:



~~TOP SECRET~~ [redacted] SENSITIVE
Declassify on: OADR

UNCLASSIFIED N 43471

(1192)

~~TOP SECRET~~ [redacted]

UNCLASSIFIED

[redacted]

-- Status of Ollie's Ship. Ollie has offered the use of a Danish vessel for [redacted] He first offered CIA a six month lease. CIA told me that they thought it was too expensive, and the cost and time involved in refitting the vessel for a [redacted] mission made the alternative option of outfitting a CIA owned vessel more attractive. Ollie then offered to take [redacted] from his vessel, using his own resources. [redacted] has told me that because of the alleged involvement of one Tom Clines (who was involved in Wilson and Terpil era), CIA will have nothing to do with the ship. Frankly, I can't tell whether this is just a convenient reason not to do what CIA was opposed to doing in the first place, or whether the concern about Cline is legitimate. In any event, Casey has a briefing paper on this which he will use if the subject is raised.

You may wish to raise the following item:

[redacted]

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N 43472

TOP SECRET [redacted]

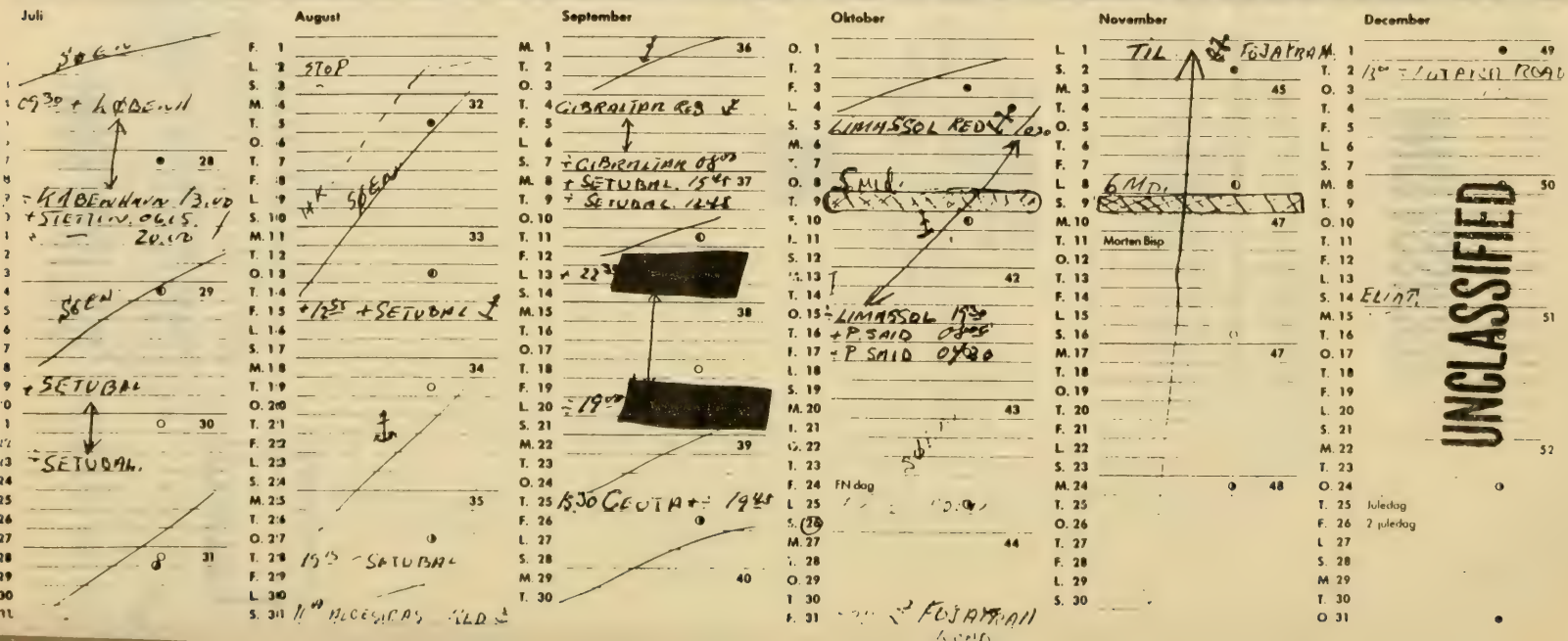
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23-130
EXHIBIT
ER 002
0021
Chapter 23
PN #130
[redacted]
[redacted]
[redacted]

ER 0022

urance)

Ny postadr.:
Postboks 2222
Holmens Kanal
1017 København K.
Tel. 01-13 14 15

967



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Attachment 2

PANAMA

ER 0023

EXHIBIT

DIARIO OFICIAL DE NAVEGACION
OFFICIAL LOG BOOK

2546

República de Panamá
Ministerio de Hacienda y Tesoro
Dirección General Consular y de Naves,
P.O. Box 5245,
Panamá 5,
República de Panamá.
Tel: 271166 PANAMA
Tlx: 2537 SECNAVES

Buque (vessel) ERIN

Del(from) 9/5/1986 al(to) / /19

Cubre Viajes Nos.(Covering Voyage Numbers)

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Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

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Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar	Mar de Leva Swell		Master
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force	Sea cond	Dirección Dir	Altura Height	
10/5	54 37N	10°28 E.	8.	SE.	4	1	SE	0	
11	53 48N	06 55E	8.	SW	4	4	SW	½	
12	53 00N	04°10E	7.	SSW.	4	4	SSW	1	
13	51 58N	02°32E	7.	SW	5	5	SW	1	
14	48 57N	04 56W	7.	SW	6	6	SW	1	
15	46 25N	07 16W	8.	NW	3	3	NW	2	
16	43 43N	09°17W	8.	SW.	3	3	SW	3	
17	40°14N	09°47W	8.	SW	4.	4	SW	4.	
18	36°48N	08°27W	9	SW.	1	1	SW	1	
19	36°07N	03°49W	10	E.	1	1	E	1	
20	36°08N	02°30E	10	E.	1	1	E	1	
21	37°10N	06°06E	10.	E.	2	2	E	½	
22	37°13'	10°53E	10	E.	2	2	E	¼	
23	36°18N	15°58	10	V.	2	2	V	¼	
24	35°00N	20°30E	10	V.	1	1	V	0	
25	34°55N	24°00E	10	0	0	0	0	0	
26	32°04	27°38E	9	NW	4	4	NW	0	
27	32°10N	31°23E	9	-	1	1	-	0	
28	34°00N	34°00E	9	NW	2	2	NW	0	
29	LARNACA.		E	0	0	0	0	0	
30	—		-						
31	—		-						
1/6	—		-						
2	—		-						
3	—		-						
4	—		-						
5	—		-						

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Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación.
An entry is to be made on every day the vessel is at sea at noon

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Seccion 3c. POSICIONES DEL BUQUE Y CONDICIONES METEOROLOGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

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Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond.	Mar de Leva Swell		Firma del Master Signature of Master	Firma del Oficial de Guardia Signature of Officer on Watch
	Latitud Latitude	Longitud Longitude		Direccion Dir	Fuerza Force		Direccion Dir	Altura Height		
6	LARNACA			V	1	0	N	0	Ald.	
5	34 36	30 20E	9	V	1	1	V	1	Ald	
7	34°44	25°48E	9	E	1	1	E	1	Ald.	
8	35°10	21°18E	9	S	1	1	S	1	Ald.	
9	35°53	17°10E	8½	N	1	1	N	1	Ald.	
10	36 43	13 29E	9	NV	3	3	NV	1	Ald.	
11	37 20	09 00	9	NV	4	4	NV	1	Ald.	
12	CAGLIARI		Harb. Recalafeada.						Ald.	
13	÷ CAGLIARI		16	NV	4	4	NV	1	Ald.	
14	38 06	0606	9	NV	4	4	NV	1	Ald.	
15	37°21	01°30	9	NNV	2	2	NNV	1	Ald.	
16	36 31	03°15V	9	0	0	0	0	0	Ald.	
17	36°26	07 23V	9	-	-	-	-	-	Ald.	
18	37 06	090 V	6	NV.	6	6	NV	3	Ald.	
19	SETUBAL								/	
20										
21										
22										
23										
24										
25									/	
26	4/13	09 25	9	SO	4	4	SO	3	Ald	
27	44 40	08 10V	2	SO	2	2	SO	1	Ald	
28	48 00	05 36V	9	NO	2	2	NO	1	Ald	
29	50 04	01 25V	9	NO	3	3	NO	1	Ald.	
30	51°50	02°05O	9	NO	3	3	NO	1	Ald	
1	54°05	07 15O	9	NO	3	3	NO	1	Ald	

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Se debera hacer un asiento al mediodia de cada dia que el buque se encuentre en navegacion
An entry is to be made on every day the vessel is at sea at noon

Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

UNCLASSIFIED

Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond			Capitán Master	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force		Dirección Dir	Altura Height		
2'	57°20	09°00'	9	NW	4	4	NW	1		
3'	+ COPENHAGEN:									
4'		—								
5'		—								
6'		—								
7'		—								
8'		—								
9'	÷ COPENHAGEN.				13[35]	To STETIN.				
10'	+ STETIN (POLEN)		0615							
11'	÷	÷				20[00]	To SEIJBLL			
12'	54°35	12°30E	9	NW	6	6	NW	6		
13'	PASSING THE KIEL CANAL.									
14'	53°32	04°46	9	W	1	1	W	1		
15'	50 57	01 13	9	W	1	1	W	1		
16'	49°18	04 13	9	SW	1	1	SW	1		
17'	46 10	07 12	9	W	5	5	W	5		
18'	42°56	09°23	9	W.	6	6	W	6		
19'	39°10'	09°26	4	W.	5	5	W	5		
19.	Anchored Setúbal Harbour At. 20[35]									
20'										
21'										
22'										
23	÷ Setubal				At	17[45]				
24	38°04	12°50W	9	W	5	5	W	2		
25	37°26	17°00	9	W	4	4	W	2		
26	37°00 N	21°20 W	9	W	3	3	W	1		
27'	36°05 N	26°09 W	9	W	3	3	W	1		

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Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación
An entry is to be made on every day the vessel is at sea at noon.

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Seccion 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0027

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Fecha Date GMT	Posición al Mediodia Noon Position Latitud Latitude	Longitud Longitude	Vel ora medio (24 hrs) Av spd 24 hrs	Vientos Wind Direccion Dir	Fuerza Force	Cond del Mar Sea cond	Mar de Leva Swell Direccion Dir	Altura Height	Firma SIGNATURES
28	E.								
29 8	LIMASSOL		ROAD.		2	2	Ø	2	
30 9									
31 10									
1 11									
12				ROAD TO					
13									
14			LIMASSOL						
15	LIMASSOL								
15	34°16'	34°28'	9	NE	2	2	E	2	
16		PORT SAID			04 00				
17	Mcl.	E BITTER		LAKE	0420		ENTERED SUEZ 1755		
18	27°23'	34°10E	9	N	6	6	N	6	
19	24°09'	36°24E	9	N	2	2	N	2	
20	20°59'N	38°19E	9	N	1	1	N	1	
21	18°12'N	40°48E	6	SE	6	6	SE	1	
22	16-15	41°22	7	S	7	7	S	7	
23	14°12	22 10	8	S	8	8	S	7	
24	12°57	43 19	8	S	6	8	S	3	
25	13°04N	46°25'	1	NE	1	1	NE	1	
26	14 20N	49°30	1	SE	1	1	SE	1	
27	15°59	5838	E	E	2	2	E	2	
28	17°50	5200	2	SW	2	2	SW	1	
29	21°004	5802	1	NE	1	1	NE	1	
30	23°55'	58°20	1	NE	1	1	NE	1	
31	E	0215	Tejazrah	Road.					

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Anotar en esta columna la posición de cada dia que el
An entry is to be made on each day the vessel is at sea at noon

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Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond	Mar de Leva Swell		Firma del Capitán Master	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force		Dirección Dir	Altura Height		
28/7	25° 30N	30°35W	9	Ø	1	Ø	Ø	1		
29	32 40	34° 30W	9	Ø	1	Ø	Ø	1		
30	32 40N	39°00W	9	SØ	1	SØ	Ø	1		
31	31°05N	43°00W	9	Ø	1	Ø	Ø	1		
1/8	29°22N	47°10W	9	Ø	4	Ø	Ø	1		
2/8	28°03N	50°01W	2	Ø	5	Ø	Ø	5		
3/8	28°00N	50°50W	2	Ø	5	Ø	Ø	5		
4/8	28°28N	48°56W	5	ØSØ	4	ØSØ	ØSØ	4		141 Mastin
5	30°04N	46°10W	6	Ø	2	0	Ø	2		
6	31°02N	43°20	6	NØ	4	4	NØ	4		
7	32°05N	40°20	6	NØ	2	2	NØ	2		
8	33°07N	37°10	6	O	0	1	O	0		
9	34°00N	33°54	6	NØ	2	2	NØ	2		
10	35°00N	30°30W	6	NV	1	1	NV	1		
11	36°00N	26°50N	10.	Ø	2	2	Ø	2		FF
12	36°49N	22°30	9.5	Still	0	0	0	0		
13	37°35N	18°00W	9.3	V	3	3	V	3		
14	37°00N	18°30W	9.5	V	3	3	V	3		
15	Rounded SETUBAL: 12[55] L									
16										
17	UNCLASSIFIED									
18										
19										
20										
21										
22										
23										

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Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación.
An entry is to be made on every day the vessel is at sea at noon.

Seccion 3c POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0029

Fecha Date	Posición al Mediodia Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond	Mar de Leva Swell		Firmas NATURES Capitán Master
	Latitud Latitude	Longitud Longitude		Direcc. Dir	Fuerza Force		Direcc. Dir	Altura Height	
24	[illegible]	Setubal				Road.			
28/8	36 40	08 00	9	SW	2	Ø	NØ	1	Riding
30	–	–	–	–	–	–	–	–	Good.
31-7/9	Algeciras	Road					at	Road	Good.
8	36°10	06 07 W	7	N	2	N	N	2	Riding
8-9	[illegible]	Algeciras	Setubal			Road			Good
10	41°25	09°25	9	N	1	1	N	1	Riding
11	44°29	08°15 W	8	SØ	2	2	SØ	2	Good
12	48 07 W	05 40 W	7	NØ	5	5	NØ	5	Good.
13	44 25	03 20 W	4	SSØ	8	8	SSØ	8	Good.
13-20	[redacted]								Good.
21	49°02	04°43 W	9	0	0	0	0	0	Good.
22	47 15	09 24 W	9	NØ	4	4	4	4	Good.
23	38 28	09 26 W	9	0	0	0	0	0	Good
24	35 20	07 10 W	9	0	0	0	0	0	Good.
25	36 17 W	01 58 W	10	N	3	3	3	3	Good
26	36 34 W	00 38 Ø	10	N	2	2	2	2	Good.
27	36 51 W	01 34 Ø	10	Ø	2	2	2	2	Good
28	37 15	07 55 Ø	9	0	1	1	0	1	Riding
29	36 55	12 24 Ø	9	Ø	7	7	Ø	7	Riding
30	38 15	14 10 Ø	9	Ø	4	4	Ø	4	Riding
1 OCT.	37 06	17 50 Ø	5	N	5	5	Ø	5	Good.
2	35 50	21 23 Ø	4	Ø	1	1	Ø	1	Good
3	34 50	24 40 Ø	8	N	8	7	N	7	Good
4	34°42	29 05 Ø	8	NW	2	2	NW	2	Good
5	LIMASSOL	RED	11 30		1		SE	1	Good.
6 OCT.									Good. TO SAID AT

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Se deberá [illegible] buque se [illegible]
An entry is to be made [illegible] at noon

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Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0070

Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond	Mar de Leva Swell		Señales Signals
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force		Dirección Dir.	Altura Height	
4/11 – 2/12			FC	JA	YR	RA	HI	ROAD.	Adv
2/12	23°55	58°22	8	SΦ	4	4	SΦ	1'	Adv
4/12	23°21N.	59°24E	8	SΦ	2	2	SΦ	1'	Adv
5'	18°14N	57°24E	8	NΦ	2	2	NΦ	1'	Adv.
6'	16°20N	54°31E	8	NΦ	1	1	NΦ	1'	Adv.
7'	15°05N	51°29E	8	S	1	1	S	1	Adv.
8'	13°50N	48°28E	8	SΦ	3	3	SΦ	1	Adv.
9'	12°35N	45°07E	8	Φ	1	1	Φ	1	Adv.
10'	14°38'N	42°25E	8	S	1	1	S	1	Adv.
11'	17°30N	40°30E	8	NV	1	1	NV	1	Adv.
12'	20°08N	38°50E	8	NV	4	4	NV	4	Adv
13'	22°44N	37°14E	8	NV	3	3	NV	3	Adv.
14'	28°40N	35°40E	4	NV	6	6	NV	6	Adv.
15	27°36N	34°34E	5	NV	6	6	NV	6	Adv.
16'	27°40N	33°00E	6	NΦ	6	6	NΦ	6	Adv.
17'	27°50N	33°43	2	NV	2	2	NV	2	Adv.
18'	Fuerz	Red	s	Rea	ed.				Adv
19'	N.	E.	—		—				Adv.
20'	3258	3254	6	V	6	6	V	6	Adv
21'	3320	3040	8	V	8	8	V	8	Adv.
22'	34°10	28°20	4	SV	7	7	SV	7	Adv.
23'	35°24'	25°30	4	SV	7	7	SV	7	Adv.
24'	35°50'	21°20	6	Φ	7	7	Φ	7	Adv
25'	38°40'	18°20	3	NNV	9	9	NNV	9	Adv
26'	36°23'	15°00	3	NΦ	6	6	NΦ	6	Adv.
27'	36°45	11°20	2	NV	8	8	NV	8	Adv.
28'	36°50	11°50	2	NNV	9	9	NNV	9	Adv.

Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación
Anotar la posición del buque al mediodía / Note the vessel is at sea at noon.

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Ch 23 #130

EXHIBIT

PAGE 14, ERRIA LOG BOOK

ER 0031

May 23, 1986	36° 8' N 15° 58' W
May 24, 1986	25° 0' N 20° 30' E
May 25, 1986	34° 55' N 24° 0' E
May 26, 1986	32° 40' N 27° 38' E
May 27, 1986	32° 10' N 31° 23' E
May 28, 1986	34° 0' N 34° 0' E
May 29, 1986	Noon - Narnaca, Cyprus

1 27,87

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SC 0406

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August 18, 1987

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901 Hart Senate Office Bldg.
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John W. Nields, Jr., Esq.
Counsel to U.S. House Select
Committee to Investigate
Covert Arms Transactions
with Iran
Room H419, United States Capitol
Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

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record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

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LAW OFFICES
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SC 04083

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August 20, 1987

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HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

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circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other

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business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

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all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

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allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

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B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.*

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000**

*We are confident that the Israelis will confirm this requirement.

**Does not include what by this time is a $4 million hull insurance fund.

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SHARP GREEN & LANKFORD

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 7

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

*Does not include what by this time is a $4 million hull insurance fund.

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E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

*Does not include what by this time is a $4 million hull insurance fund.

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F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

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*Does not include what by this time is a $4 million hull insurance fund.

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$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000*

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

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*Does not include what by this time is a $2 million hull insurance fund.

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Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

*Does not include what by this time is a $4 million hull insurance fund.

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second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

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and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

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was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

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supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

SC 0407

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(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

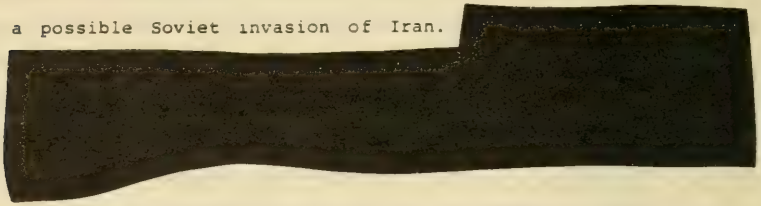
The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

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General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran.



Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

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SC 041...

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

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LAW OFFICES
SHARP, GREEN & LANKFORD
800 MASSACHUSETTS AVENUE N.W.
WASHINGTON D.C. 20036

SC 0410

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May 26, 1987

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
Committee to Investigate Covert
Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661J and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AK-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AK-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $160.00 per rifle, and they were sold at a 20% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 x 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.3¢ per round or one-half the quantity.

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General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

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ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell $2,346,175

Costs 1,634,901

Profit 711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell $1,235,596

Costs 924,756

Profit 310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell $6,407,512

Costs 5,190,512

Profit 1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell $2,255,200

Costs 2,003,200

Profit 252,000 or 11% gross (12.78% of cost)

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Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

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TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell. $11,782,723

Costs 9,466,412

Profit 2,316,311 or 19.65% gross (24.5% of cost)

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23-136

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

23-137

6 pages

Chapter 23 FN # 137

C-4803 thru C-4807 and H-87

DENIED IN

TOTAL

UNCLASSIFIED

4725

23-138

UNCLASSIFIED

11 pages
ER-0034 thru ER-0044
Chapter 23, FN # 138

DENIED IN
TOTAL

UNCLASSIFIED

4726

23/139
UNCLASSIFIED
23-139
EXHIBIT
0032
4410
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CHAPTER 24. COVERT ACTION IN A DEMOCRATIC SOCIETY

24-39 Copy 14 PWF 39

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Executive Registry
86-2571/1
C 0616
General Counsel
86-02433

ADDENDUM TO PROCEDURES GOVERNING REPORTING TO THE SENATE SELECT COMMITTEE ON INTELLIGENCE ON COVERT ACTION

1. In accordance with Paragraph 10 of the Procedures Governing Reporting to the SSCI on Covert Action, executed on June 6, 1984, the SSCI and the DCI have jointly reviewed the Procedures in order to assess their effectiveness and their impact on the ability of the Committee and the DCI to fulfill their respective responsibilities under section 501 of the National Security Act of 1947.

2. The Committee and the DCI agree that the Procedures have worked well and that they have aided the Committee and the DCI in the fulfillment of their respective responsibilities. The Committee and the DCI also agree to add the following Procedures set forth below:

-- In accordance with the covert action approval and coordination mechanisms set forth in NSDD 159, the "advisory" format will be used to convey to to the SSCI the substance of Presidential Findings, scope papers, and memoranda of notification.

-- Advisories will specifically take note of any instance in which substantial nonroutine support for a covert action operation is to be provided by an agency or element of the U.S. Government other than the agency tasked with carrying out the operation, or by a foreign government or element thereof. It is further agreed that advisories will describe the nature and scope of such support.

-- In any case in which the limited prior notice provisions of section 501(a)(1)(B) of the National Security Act are invoked, the advisory or oral notification will affirm that the President has determined that it is essential to limit prior notice. It is further agreed that in any section 501(a)(1)(B) situation, substantive notification will be provided to the Chairman and Vice Chairman of the SSCI at the earliest practicable moment, and that the Chairman and Vice Chairman will assist to the best of their abilities in facilitating secure

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notification of the Majority and Minority leaders of the Senate if they have not already been notified. It is understood that responsibility for accomplishment of the required notification rests with the Executive Branch.

-- It is understood that paragraph 6 of the Procedures, which requires that the SSCI shall be kept fully and currently informed of each covert action operation, shall include significant developments in or related to covert action operations.

-- The DCI will make every reasonable effort to inform the Committee of Presidential Findings and significant covert action activities and developments as soon as practicable.

3. In accordance with paragraph 4 of the Procedures, the DCI recognizes that significant implementing activities in military or paramilitary covert action operations are matters of special interest and concern to the Committee. It is agreed, therefore, that notification of the Committee prior to implementation will be accomplished in the following situations, even if there is no requirement for separate higher authority or Presidential approval or notification:

-- Significant military equipment actually is to be supplied for the first time in an ongoing operation, or there is a significant change in the quantity or quality of equipment provided;

-- Equipment of identifiable U.S. Government origin is initially made available in addition to or in lieu of nonattributable equipment;

-- There is any significant change involving the participation of U.S. military or civilian staff, or contractor or agent personnel, in military or paramilitary activities.

4. The DCI understands that when a covert action operation includes the provision of material assistance or training to a foreign government, element, or entity that simultaneously is receiving the same kind of U.S. material assistance or training overtly, the DCI will explain the rationale for the covert component.

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5. The DCI understands that the Committee wishes to be informed if the President ever decides to waive, change, or rescind any Executive Order provision applicable to the conduct of covert action operations.

6. The Committee and the DCI recognize that the understandings and undertakings set forth in this document are subject to the possible exceptional circumstances contemplated in section 501 of the National Security Act.

7. The Procedures Governing Reporting to the SSCI on covert action, as modified by this agreement, will remain in force until modified by mutual agreement.

Chairman, SSCI

June 10, 1986
Date

DCI

June 17, 1986
Date

Vice Chairman, SSCI

June 5, 1986
Date

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Executive Registry 7512

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C 0619

This document is the property of the Senate and remains under its control through the Select Committee on Intelligence. It is provided for limited purposes related to congressional oversight of intelligence activities, on condition that it will not be released or otherwise disseminated without permission of the Committee. Permission is granted to provide it to the Executive Branch personnel whose official duties concern its subject matter, subject to these restrictions and controls.

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Procedures Governing Reporting to the Senate Select Committee on Intelligence (SSCI) on Covert Action

The DCI and the SSCI agree that a planned intelligence activity may constitute a "significant anticipated intelligence activity" under section 501 of the National Security Act of 1947 (the "Intelligence Oversight Act of 1980") even if the planned activity is part of an ongoing covert action operation within the scope of an existing Presidential Finding pursuant to the Hughes-Ryan Amendment (22 U.S.C. 2422). The DCI and the SSCI further agree that they may better discharge their respective responsibilities under the Oversight Act by reaching a clearer understanding concerning reporting of covert action activity. To this end the DCI and the SSCI make the following representations and undertakings, subject to the possible exceptional circumstances contemplated in the Intelligence Oversight Act:

1. In addition to providing the SSCI with the text of new Presidential Findings concerning covert action, the DCI will provide the SSCI with the contents of the accompanying scope paper following approval of the Finding. The contents of the scope paper will be provided in writing unless the SSCI and the DCI agree that an oral presentation would be preferable. Any subsequent modification to the scope paper will be provided to the SSCI.

2. The DCI also will inform the SSCI of any other planned covert action activities for which higher authority or Presidential approval has been provided, including, but not limited to, approvals of any activity which would substantially change the scope of an ongoing covert action operation.

3. Notification of the above decisions will be provided to the SSCI as soon as practicable and prior to implementation of the actual activity.

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UNCLASSIFIED C 0620

4. The DCI and the SSCI recognize that an activity planned to be carried out in connection with an ongoing covert action operation may be of such a nature that the Committee desire notification of the activity prior to implementation, even if the activity does not require separate higher authority or Presidential approval. The SSCI will, in connection with each ongoing covert action operation, communicate to the DCI the kinds of activities (in addition to those described in Paragraphs 1 and 2) that it would consider to fall in this category. The DCI will independently take steps to ensure that the SSCI is also advised of activities that the DCI reasonably believes fall in this category.

5. When briefing the SSCI on a new Presidential Finding or on any activity described in paragraphs 2 or 4, the presentation should include a discussion of all important elements of the activity, including operational and political risks, possible repercussions under treaty obligations or agreements, and any special issues raised under U.S. law.

6. To keep the SSCI fully and currently informed on the progress and status of each covert action operation, the DCI will provide to the SSCI: (A) a comprehensive annual briefing on all covert action operations; and (B) regular information on implementation of each ongoing operation, with emphasis on aspects in which the SSCI has indicated particular interest.

7. The DCI and the SSCI agree that the above procedures reflect the fact that covert action activities are of particular sensitivity, and it is imperative that every effort be made to prevent their unauthorized disclosure. The SSCI will protect the information provided pursuant to these notification procedures in accordance with the procedures set forth in S.Res. 400, and with special regard for the extreme sensitivity of these activities. It is further recognized that public reference to covert action activities raises serious problems for the United States abroad, and, therefore, such references by either the Executive or Legislative Branches are inappropriate. It is also recognized that the compromise of classified information concerning covert activities does not automatically declassify such information. The appearance of references to such activities in the public media does not constitute authorization to discuss such activities. The DCI and the SSCI recognize that the long established policy of the U.S. Government is not to comment publicly on classified intelligence activities.

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Executive Registry 7514

UNCLASSIFIED C 0621

8. The DCI will establish mechanisms to assure that the SSCI is informed of planned activities as provided by paragraphs 1 through 4, and that the Committee is fully and current[redacted]formed as provided by paragraph 6. The DCI will descr[redacted]mechanisms to the SSCI.

9. The [redacted]CI, in consultation with the DCI when appropriate, will review and, if necessary, refine the mechanisms which enable it to carry out its responsibilities under the Intelligence Oversight Act.

10. The DCI and the SSCI will jointly review these procedures no later than one year after they become operative, in order to assess their effectiveness and their impact on the ability of the DCI and the Committee to fulfill their respective responsibilities.

Barry Goldwater
Chairman, SSCI

06 JUN 84
Date

William J. Casey
DCI

06 JUN 1984
Date

Vice Chairman, SSCI

06 JUN 1984
Date

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Executive Registry 7515

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NSC/ICS 03340

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

N 44659

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

1/21/82

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DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 13 Nov 2001
EXT BYND 6 YEARS BY DOD 5
REASON

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SECRET
UNCLASSIFIED

Chapter 24 #41
NSC/SCS 03040
Chapter 26 FN # 16
C 06[illegible]
12/1/86

N 44659

24-41

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

Partially Declassified/Released on 1/15/88 under provisions of E.O. 12356 by B. [illegible], National Security Council

4395

DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY DOD 5
REASON

UNCLASSIFIED
SECRET

To	Name and Address	Date	Initials
1			
2			
3			
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ACTION	FILE
APPROVAL	INFORMATION
COMMENT	PREPARE REPLY
CONCURRENCE	RECOMMENDATION
DIRECT REPLY	RETURN
DISPATCH	SIGNATURE

REMARKS: CLOSED 7/14/82

SENSITIVE

ORIG. IN NICARAGUA FLD.

Chapter 24 PN# 42

24-42

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SECURITY CLASSIFICATION

N 44651

NSC/ICS CONTROL NO. 3

HANDLE VIA

THE NSC INTELLIGENCE CONTROL SYSTEM

ONLY

DO NOT FILE OR DESTROY THIS DOCUMENT, RETURN DIRECT TO:

NSC INTELLIGENCE DIVISION

SYSTEM IV CONTROL

ROOM 300

4541

1/25/88

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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SECURITY CLASSIFICATION

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25

National Security Council
The White House

Package # 460178
N 44652

82 JUL 12 P12:03

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1		
Bud McFarlane	2	HAS SEEN	
Jacque Hill			
Judge Clark			
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Action

cc: VP Meese

COMMENTS

I don't see this really needs to be approved since the earlier finding covers it, but maybe it would be good to get a confirmation since we now have a better idea as to where we are going. Has been coordinated with STATE, DEF, AG. Put on NSPG agenda: YES — NO —

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NATIONAL SECURITY COUNCIL

July 26, 1982

TO: WILLIAM P. CLARK

FROM: DONALD GREGG

Attached are five copies of the proposed Finding: one for the Vice President, one each for Meese, Baker, and Deaver and one for you.

Attachments

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~~SECRET~~ UNCLASSIFIED INTELLIGENCE NSC/ICS 400178

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~ July 12, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK N 44654

FROM: DONALD GREGG

SUBJECT: Proposed Covert Action Finding on Nicaragua

Director Casey has requested that the attached covert action proposal be dealt with at the 13 July 1982 meeting. This proposed Finding is a direct outgrowth of actions taken under the 1 December 1981 Finding, designed to create opposition to the Sandinista leadership of Nicaragua.

The urgency in dealing with this Finding derives from the fact that the opposition group under Eden Pastora has been developing quickly and that additional actions not covered by previous authority are now being proposed.

The present Finding requests authority to:

-- Provide financial and material support to the anti-Sandinista group.

-- Provide assistance in terms of funding, training and arms supply to the same group.

-- Work with other Latin American and European governments to build international support for the movement.

Questions to Raise. While the overall effort appears to be going well, I would suggest that CIA be questioned as to the form and size of the paramilitary activities which the Pastora group will be undertaking, the targets of these forces and the expected reaction (the rationale appears to be to have the anti-Sandinista forces strike against the Cuban presence in Nicaragua rather than attacking the Sandinista units).

Funding. CIA states that it will not require additional funds for the remainder of this fiscal year.

RECOMMENDATION

OK No

____ ____ Assuming satisfactory answers to the questions indicated above, I would recommend this Finding be approved.

Attachments

Tab I Scope and Finding, NSC/ICS 400178, (Copies 1 thru 5)
Tab II December 1, 1981 Finding & Scope (NSC/ICS 03340)

~~SECRET~~
Review on July 12, 2002

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NSC/ICS CONTROL NO. [redacted]

SCOPE OF CIA ACTIVITIES

UNDER THE NICARAGUA FINDING

N 44656

Following the President's approval of the attached Finding on Nicaragua, CIA will undertake the following specific activities:

a) the primary activities will be directed at providing financial and material support to democratic Nicaraguan leaders who have become disillusioned with growing Cuban predominance in Nicaragua and with the increasing totalitarian nature of the national FSLN leadership. We will assist these democratic Nicaraguan leaders and their organizations [redacted]

b) as a supplement to the above primary activities, we will aid the democratic Nicaraguan leaders and their organizations in their efforts to increase internal resistance to the FSLN and to cre[redacted]e a paramilitary potential to punctuate their resolve to eff[redacted]t changes in Nicaraguan government policies. This assistance wil[redacted]be in the form of funding, arms supply and some training, the [redacted]raining being conducted by third country nationals to the [redacted] This activity is to enable the democratic leaders and organizations to deal with the FSLN leadership from a position of strength. The democratic Nicaraguans would be encouraged to focus the paramilitary operations primarily against the Cuban presence in Nicaragua and to view these paramilitary forces as a rallying point for the dissident elements of the Sandinista military establishment.

c) to further the above activities, we will work with selected Latin American and European governments, organizations and individuals to build international support for the objectives of the democratic Nicaraguan groups. These selected governments will be encouraged to pressure the Nicaraguan Government to reach an accord with the democratic Nicaraguan elements through negotiations. These foreign governments and international organizations will be encouraged to aid the democratic Nicaraguans in their efforts to eliminate the influence of Cuba and the Soviet Union over Nicaraguan Government policies and actions and to restore freedom and democracy to Nicaragua.

ALL PORTIONS OF THIS DOCUMENT ARE CLASSIFIED S E C R E T

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82-7
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Finding Pursuant to Section 662 of
The Foreign Assistance Act of 1961,
As Amended, Concerning Operations
Undertaken by the Central Intelligence
Agency in Foreign Countries, Other Than
Those Intended Solely for the Purpose
of Intelligence Collection

N 44657

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Nicaragua	Support and conduct [redacted] covert activities, including paramilitary activities, designed to [redacted] to facilitate the efforts by democratic Nicaraguan leaders to restore the original principles of political pluralism, non-alignment, a mixed economy and free elections to the Nicaraguan revolution. Work with foreign governments and organizations as appropriate to carry out the program.

1/25/88

The White House
Washington, D. C.

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N 44658

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NSC/ICS 03340

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

N 44659

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragu[redacted]

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

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DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY D9d.5
REASON

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N 44660

DENIED IN
TOTAL

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24-52

<HEADER>
\MSG FROM: NSJMP --CPUA TO: NSPBT --CPUA 11/22/86 16:56:33
To: NSPBT --CPUA PAUL THOMPSON

-- SECRET --

NOTE FROM: JOHN POINDEXTER N 19124
<SUBJECT>
Subject: MFAC
<TEXT>
fyi
••• Forwarding note from NSRCM --CPUA 11/21/86 21:01 •••
To: NSJMP --CPUA

••• Reply to note of 11/21/86 19:12

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
Subject: MFAC
Roger John. You must must be pretty well drained after the sessions with the Intel committees. That's not a terribly uplifting experience; I did it a time or two for Ollie. I spent a couple of hours with Ed Meese today going over the record with him. The only blind spot n my part concerned a shipment in November '85 which still doesn't ring a bell with me.

But it appears that the matter of not notifying about the Israeli transfers can be covered if the President made a "mental finding" before the transfers took place. Well on that score we ought to be ok because he was all for letting the Israelis do anything they wanted at the very first briefing in the hospital. Ed seemed relieved at that. CAroline tells me that she hwa arranged for me to meet with the MFAC on Dec 8that 2:00pm. They want it to be closed but for the record. I don't mind either way but will be guided by whatever you all prefer.

Declassified ... 11/25/87 ... by ...

[redacted] 6may1987

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Chapter 24 FN# 58

Office of the Attorney General
Washington, D. C. 20530

81-3

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OCTOBER 5, 1981

N 10018

24-58

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry
for [redacted] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [redacted] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S

Sincerely,

Bill

WILLIAM FRENCH SMITH
Attorney General

Classified by Derivative: State Department Memorandum of Law, October 2, 1981.
Review for Declassification: 10/2/2001.

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Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by B. Boyd, National Security Council

THE SECRETARY OF STATE

WASHINGTON

NOT SENT

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N 10019

Dear Bill:

As you will recall, the NSPG requested the opinion of the Attorney General as to the legality of a sensitive intelligence collection activity which would involve the transfer [redacted] The objective of this transfer would be the acquisition [redacted]

The Attorney General, after preliminary inquiry, has referred to the Department of State the question of whether the special body of legislation generally governing international arms transfer would preclude the transfer [redacted] which is believed to be an essential precondition to the acquisition [redacted] This Department's Legal Adviser, in consultation with the Justice Department's Counsel for Intelligence Policy and the General Counsels of CIA and DOD, has provided to me the enclosed memorandum of law. In that memorandum, the Legal Adviser concludes that the arms transfer laws do not constitute exclusive authorities, although it is not clear that a transaction of this magnitude was intended to be permitted outside the normal framework of substantive and procedural requirements of the arms export control laws. In the absence of any applicable express prohibition, the Legal Adviser believes that the President has the discretionary authority to approve this proposal as an integral part of an authorized intelligence collection activity.

At the same time, the enclosed memorandum points out certain legal risks, including the possibilities of new

The Honorable
William J. Casey,
Director,
Central Intelligence Agency.

Declassified/Released on 4/26/82 under E.O. 12356 by National Security Council

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restrictive legislation [redacted] These risks were not considered by the NSPG and while not legally compelling, would appear to merit its consideration.

Sincerely,

Alexander M. Haig, Jr.

Enclosure:

Memorandum of Law

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THE LEGAL ADVISER
DEPARTMENT OF STATE
WASHINGTON

N 10021

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October 2, 1981

MEMORANDUM OF LAW

SUBJECT: Legal Authority for the Transfer of Arms Incidental to Intelligence Collection

Introduction

This memorandum examines the legal basis for a proposed covert transfer of [redacted] from the stocks of the Department of Defense to the Central Intelligence Agency and from the Central Intelligence Agency to [redacted]. This transfer would be an essential precondition to the acquisition [redacted]

Analysis

The Congress has enacted a number of statutes specifically dealing with the international transfer of arms by the United States, contained chiefly in the Foreign Assistance Act of 1961 (hereafter "the FAA") and the Arms Export Control Act (hereinafter "the AECA"). Any examination of the legality of the proposed transaction should begin with the question of whether any of these statutes is necessarily applicable in these circumstances.

At the outset, it should be noted that since this proposed transfer of U.S. arms would be a cash sale, laws dealing with grants of defense articles and with "assistance" to foreign countries are not applicable. In this regard, former section 640 of the FAA (79 Stat. 661) provided that references in that Act to "assistance" would not be construed as applicable to cash sales of defense articles. This rule of construction is preserved by section 45(c) of the AECA (22 U.S.C. 2751 note) stating that no provision of law (with certain exceptions not here relevant) shall be deemed to apply to that Act unless it refers specifically thereto or refers generally to sales of defense articles and services. When section 45(c) was enacted in 1968, the report of the House Committee on Foreign Affairs explained its purpose as follows:

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"The second sentence [of subsection (c)] continues in force after the repeal of section 640 of the FAA by subsection (a) the rule of construction contained therein that restrictions which do not refer specifically to sales of defense articles and defense services and are phrased only in general terms of prohibiting "assistance" do not apply to sales." H.R. Rep. No. 1641, 90th Cong. 2d Sess., p.14 (1968).

These expressions of legislative intent--in the Foreign Assistance Act, the Arms Export Control Act, and the above-quoted committee report--show that Congress does not regard cash sales of defense articles"as constituting assistance" for purposes of laws prohibiting assistance to foreign countries. Therefore, it is unnecessary to consider restrictions such as those contained in section 620(i) of the FAA (22 U.S.C. 2370(i)) on assistance to nations engaged in aggressive military efforts, or section 620(t) of the FAA (22 U.S.C. 2370(t))

[redacted]

Certain categories of military equipment may be transferred only under specified authorities or after compliance with certain procedures. In particular, section 514(a) of the FAA requires that any defense article in the DOD inventory "which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country" may be transferred to a foreign country only under the authority of the FAA or the AECA. In addition, 10 U.S.C. 957 prohibits any "sale outside the Department of Defense" of any defense article classified "as Prepositioned Material Configures to Unit Sets, as decrement stock, or as Prepositioned War Reserve Stocks" unless the President determines and reports to Congress that certain criteria relating to an international crisis are met. Further, section 813 of P.L. 94-106, as amended (10 U.S.C. 133 note), requires a report to Congress in the case of "any proposal to transfer defense articles which are valued at $25,000,000 or more from the United States active forces' inventories or from current production.

The General Counsel of the Department of Defense has determined that [redacted] proposed to be transferred in this case will all come from active forces' inventories and from current production. Accordingly, the first two of the three statutes described in the preceding paragraph do not apply. However, the third statute does require a report to Congress by the Secretary of Defense.

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Although the applicable statute does not specify the form or the precise recipients in Congress of such a report, the practice has been to furnish reports of transfers from active forces' inventories and new production in writing to the Speaker of the House and the President of the Senate, with copies to the Armed Services Committees. In light of this practice, it would seem prudent to offer at least an oral report to the chairmen of the Armed Services Committees, explaining that the proposed transfer is one of great sensitivity and is being reported on in detail to the Intelligence Committees. (It is understood that the Intelligence Committees will be informed in accordance with the usual procedures for providing notification of significant anticipated intelligence activities in accordance with section 501 of the National Security Act of 1947 (50 U.S.C. 413).)

Arms sales by the United States to foreign countries are expressly authorized by the Arms Export Control Act. Specifically, section 21(a) of the AECA (22 U.S.C. 2761(a)) authorized the President to make cash sales to foreign countries of defense articles from the stocks of the Department of Defense. However, it is clear that the requirements of the AECA cannot be met in this case. The principal relevant requirements are as follows:

--Sales may be made only to countries with respect to which the President has found such sales will strengthen the security of the United States and promote world peace (§ 3(a)(1), 22 U.S.C. 2753 (a)(1));

-- The articles may be sold only for use for legitimate purposes and the recipient country must agree to use the arms only for legitimate (e.g., self defense) purposes, not to retransfer them without USG consent, and to maintain their security (§§ 3(a)(2) and (3), 4, 22 U.S.C. 2753(a)(2) and (3), 22 U.S.C. 2754);

--A report of the proposed sale of major defense equipment valued at $7 million or more must be submitted to Congress, which may disapprove the sale by concurrent resolution within 30 days after receiving such report (§ 36(b), 22 U.S.C. 2776(b)).*

*Congressional review under section 36(b) may be waived personally by the President if he certifies to Congress that an emergency exists which requires the sale in the national security interest. However, this authority has been exercised only once in the seven years since section 36(b) was enacted in 1974 (for Yemen in 1979, see Presidential
(Footnote continued next page)

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In the case [redacted] the President has made no determination of eligibility under section 3(a)(1) of the AECA. It is at least questionable whether [redacted] use of the U.S. arms [redacted] could be characterized as a legitimate use of force in self defense (see the definition of aggression set forth in UNGA Res. 3314 (XXIX) (1974)). Congressional review is obviously impractical and acceptance of this transfer by Congress might be unobtainable in any event.

In view of the foregoing, it seems clear that a transfer under the authority of the AECA is impracticable. Accordingly, it has been proposed that DOD transfer the weapons to CIA under the authority of section 601 of the Economy Act of 1932 (31 U.S.C. 686), which permits one federal agency to order equipment from another on a reimbursable basis to carry out an authorized activity of the requesting agency. It is then proposed that CIA effect the transfer [redacted] under the sweeping authority granted to that agency by section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)). Section 102(d) provides that it shall be the duty of CIA, under NSC direction, to perform services of common concern for the benefit of existing intelligence agencies and to perform "such other functions and duties relating to intelligence affecting the national security as the National Security Council may from time to time direct."

The proposed reliance upon the Economy Act and the National Security Act, neither of which contains any explicit reference to arms transfers, gives rise to the question of whether the Arms Export Control Act, which contains a comprehensive framework of policy guidance, substantive authorities (and limitations of authority), and procedures specifically addressed to international sales of arms by the United States is a preemptive statue which, by implication, precludes reliance upon the more general authorities of DOD and CIA.

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*Footnote con't
Determination No. 79-6 of March 7, 1979, 44 Fed. Reg. 18633). That single instance provoked intense Congressional interest. See Hearings on Proposed Arms Transfers to the Yemen Arab Republic before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, 96th Cong., 1st Sess. (1979). Any future determination under section 36(b) would require publication of a notice in the Federal Register under section 654(c) of the FAA (22 U.S.C. 2414(c)). Such a publication would obviously be incompatible with the covert nature of the proposed transaction.

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It seems clear that Congress has not regarded the FAA and the AECA as an exclusive body of law fully occupying the field with respect to U.S. arms transfers. There are several illustrations where Congress, having been made aware of transfers to foreign countries outside that body of specific authorities, has reacted by enacting limited restrictions or reporting requirements rather than by prohibiting such transfers altogether.

One set of examples involves DOD's authority to lease non excess property "not for the time needed for public use' (10 U.S.C. 2667). When Congress considered the previous use of that authority to transfer small naval vessels to foreign countries it amended 10 U.S.C. 7307 to impose new reporting requirements. See P.L. 93-365,§ 702,88 Stat. 405 (1974). Similarly, when Congress considered the use of this leasing authority to transfer helicopters to El Salvador in 1980 it established a new reporting requirement covering all major leases to foreign governments. See P.L. 96-533. § 109,94 Stat. 3137 (1980). However, it did not challenge the lawfulness of previous transfers by lease or prohibit such transfers in the future.

More directly in point are the examples of Congressional action with respect to covert arms transfers conducted by CIA. These include section 513(b) of the FAA (22 U.S.C. 2321 f(b)) enacted in 1974 and precluding non-FAA or AECA funding for military assistance to Laos; section 662 of the FAA (22 U.S.C. 2422), also enacted in 1974 and requiring Presidential approval of and reports to Congress on CIA "operations in foreign countries other than activities intended solely for obtaining necessary intelligence";* and section 404 of P.L. 94-329,90 Stat. 757) enacted in 1976 and prohibiting assistance for military or paramilitary operations in Angola.** All of these statutes were enacted against a background of

*The reporting requirements of section 662 were superseded by section 407 of P.L. 96-459, 94 Stat. 1981 (1980), which added a new section 501 to the National Security Act of 1947, entitled "Congressional Oversight" (50 U.S.C. 413).

**Section 404 was superseded in 1980 by section 118 of P.L. 96-533, which reenacted the 1976 prohibition with minor changes (22 U.S.C. 2293 note).

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covert actions, including arms transfers. Although the language in the relevant committee reports is rather circumspect in this regard, the legislative history of the prohibition on assistance to Angola is especially instructive. That prohibition was amended in the committee of conference to add the words "notwithstanding any other provision of law." The reason for this amendment was explained in the conference report as being "to make clear that the prohibition on security assistance [i.e., arms transfers] is not limited solely to assistance furnished pursuant to this Act." H.R. Rep. No. 94-1913, 94th Cong. 2d Sess., p.70 (1974). The reference to "this Act" meant the International Security Assistance And Arms Export Control Act of 1976 (P.L. 94-329, 90 Stat. 729), which amended extensively both the FAA and the AECA. Moreover, the prohibition was enacted as a companion to the so-called "Tunney amendment" to the FY1976 DOD Appropriation bill (H.R. 9861, 94th Cong. 1st Sess. (1975) That amendment deleted funds intended for use by CIA to provide covert military assistance, including arms transfers, in Angola. See debates at 121 Cong. Rec. 40872-40873, 41196-41212, 41564, 41617-41623 (1975).

The CIA General Counsel advises that, since the enactment in 1974 of the above-described legislation on reports to Congress of covert actions, several reports have been made of covert actions involving arms transfers to foreign countries by CIA and Congress has acquiesced in such transfers. This fact, together with the above-discussed record of limited Congressional action to deal with international arms transfers made in the past outside the framework of the security assistance laws, provides a sound legal basis for concluding that the AECA is not an exclusive authority for arms sales to foreign governments.

There remains, however, a difficult issue of judgment that is presented because of the amount of this particular transfer, the nature of the equipment, and the controversial character of the intended recipient. I am unaware of any covert arms transfer in recent years which has so directly confronted the central purpose of the Arms Export Control Act that large transfers of major defense equipment to volatile regions such as [redacted] should be carried out under effective policy guidance from the Congress, with careful Executive Branch deliberations encouraged by the need to subject their outcome to Congressional review. See S. Rep. No. 94-605, 94th Cong., 2d Sess., pp. 4-8 (1976). While the Arms Export Control Act is not an exclusive statutory authority, it surely was intended to be the primary basis

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for international arms transfers. Other authorities have been invoked only as exceptions to this generally applicable law and have not been treated as complete alternatives. At some point, the use of an exceptional authority would defeat the purpose of the generally applicable legislation.

In the absence of a clear line drawn by Congress, I believe the President has the discretion to decide that this case is not a circumvention of the law in view of its primary intelligence collection objective, the high priority attached to the particular objective here involved, and the practical impossibility of using the at least partially open procedure of the Arms Export Control Act. However, if the President were to make such a judgment, and if the transaction were later to become public [redacted] it would be difficult to defend publicly the legal rationale for proceeding in the manner proposed if it also continued to be necessary to keep secret the specific intelligence objective that motivated the transfer and the extraordinary value of that objective.

Should there result a belief in Congress that the President had exceeded the bounds of permissible exceptions to the Arms Export Control Act, the legal consequences would be of a legislative character. A criminal prosecution would be unlikely since export licensing requirements do not apply to exports by government agencies for carrying out programs authorized by law and subject to the President's control (see 22 U.S.C. 2778(b)(2)); presumably, a decision to go forward would proceed on the basis that CIA's authority, although unclear, is sufficient. A civil action against Government officials challenging the legality of the transfer would seem unlikely to prosper given the political character of the questions presented. However, there would seem to be a genuine risk of new legislation to prohibit arms transfers outside the Arms Export Control Act and Foreign Assistance Act. If enacted, such legislation could be a serious impediment to the relatively small but nevertheless important covert transfers that CIA is presently able to carry out.

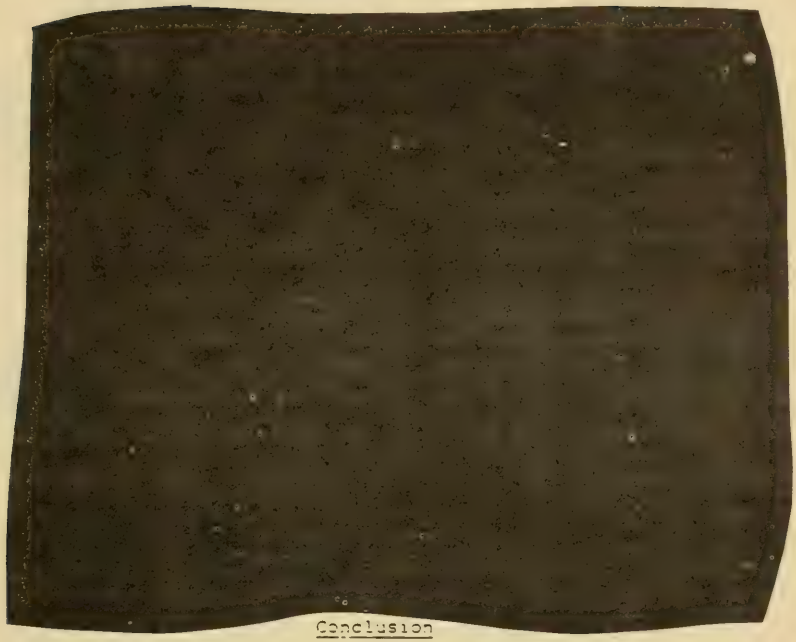
[redacted]

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Conclusion

Although the matter is not entirely free from doubt, I believe (and the General Counsels of DoD and CIA concur) that the President has the discretionary authority to proceed with the proposed activity under the National Security Act of 1947. To do so would present legal risks, chiefly that Congress might challenge his decision and enact new, restrictive legislation,

[redacted]

If the President decides to proceed, reports to the

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Intelligence and Armed Services Committees of Congress would be necessary. In addition, it might help to reduce the risk of an adverse legislative reaction if the chairmen of the House Foreign Affairs and Senate Foreign Relations Committees were informed.

Davis R. Robinson

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N 10030

OGC 81-07880
15 September 1981

MEMORANDUM FOR: General Counsel

FROM: W. George Jameson
Assistant General Counsel

SUBJECT: Sale of U.S. Military Weapons (S)

1. The question is whether CIA has the authority to engage in an intelligence collection activity that results in CIA's acquisition of [redacted] The Army requested CIA's assistance in the activity after being approached by someone able to obtain the [redacted] It is proposed that CIA conduct the activity and that DoD and CIA share in the benefits. (S)

2. Executive Order 12036, section 1-807, provides that CIA shall coordinate the collection outside the U.S. of intelligence information not otherwise obtainable. Section 1-809 provides CIA shall conduct services of common concern for the Intelligence Community as directed by the NSC. There is no doubt that CIA could purchase the [redacted] since CIA also can expend funds, notwithstanding any other provisions of law, for purposes necessary to carry out its functions. 50 U.S.C. § 403j (section 8 of the CIA Act of 1949). Moreover, CIA can transfer and receive funds to or from DoD, after OMB approval, to perform its functions without regard to any law limiting transfers between appropriations, 5 U.S.C. § 403f, and can cooperate with DoD in the provision of funds, services, or materials pursuant to 31 U.S.C. § 686 (the Economy Act). One agency may assist another agency under the Economy Act only if the requestor has legal authority to engage in the activity itself but cannot do so as a matter of convenience. Thus, to the extent the intelligence activity involves the transfer and expenditure of funds, CIA has ample legal authority. The authority to transfer the military weapons in return for a valuable intelligence gain seems also to exist, but is less clear. (S)

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Original Cl By [redacted]
Review on 14 September 2001
Ext Bynd 6 Yrs By 986573
Reason 3d.3

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3. Historically, CIA has engaged in so-called accommodation procurements to provide articles to foreign cooperating governments. While there is no express authority for CIA to engage in such activity, this Office has held that CIA has inherent and implicit authority pursuant to section 8 to purchase goods or services on a reimbursable basis for transfer abroad. (For example, past arrangement for contractual services in assisting Iran.) The instant case, however, involves the provision by CIA of military weapons that arguably may be subject to the export provisions of the Foreign Military Sales Act (FMSA). (S)

4. It is my view that the FMSA is inapplicable to the present case. That Act provides congressional authorization for measures in the common defense of friendly countries against internal or external aggression. It is primarily a military assistance statute that enables the President to furnish defense articles and other military aid to such countries for internal security and legitimate self-defense activities consistent with U.S. national security objectives. 22 U.S.C. § 2301, et seq. It does not purport to limit the Government's intelligence-gathering activities, nor does it legislate all transfer of military weaponry abroad. Military sales are specifically addressed in the Arms Export Control Act (AECA), 22 U.S.C. § 2751, et seq. In section 2751, Congress recognized that the United States has an interest in mutual defense arrangements with foreign governments, and established a military sales program to further that purpose, consistent with the purposes of the FMSA and other foreign assistance programs, and with the U.S. policy to reduce international trade in weaponry. Export of defense articles is limited; for example, transfers generally shall not be approved to human rights violators, 22 U.S.C. § 2751; and transfer to third countries must be controlled, 22 U.S.C. § 2753(a). Nevertheless, the Act authorizes the President to waive these restrictions, provided he informs the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. Notice to Congress must provide an unclassified certification that need not reveal the details of the transaction, but a classified report must include the identity of the recipient, the cost of the article transferred, and the reasons for the proposed transfer. In emergency situations, the President's consent to the transfer can be immediate, otherwise Congress has 30 days to object. 22 U.S.C. § 2753(d)(2). The President also can transfer items to governments that aid or abet terrorists if he finds the national security justifies it and so reports to Congress. 22 U.S.C. § 2753(f). (S)

5. The Arms Export Control Act, like the FMSA, limits sales to friendly countries solely for security and self-defense, 22

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U.S.C. § 2754, and enables DoD to sell defense articles directly from its existing stocks. 22 U.S.C. §2761. The implication, unstated, is that the Act anticipates commercial transactions involving contractors involved in traditional buyer/seller arrangements to be the norm, and the credit terms authorized by the law support the view that the law is geared towards assistance, not intelligence gathering. The only reference in the Act to intelligence appears at 22 U.S.C. § 2751, wherein Congress expresses a preference to limit the aggregate value of defense articles exported under § 2778 for the use of police, armed, intelligence or internal security forces under a commercial sales contract to then-existing levels. Section 2778 authorizes the President to restrict the export of defense articles by controlling commercial licensing. However, no license is required for exports or imports made by or for a U.S. Government agency for official use. 22 U.S.C. § 2778(b)(2)(A). While this section clearly eliminates the licensing requirement for any CIA exports, regardless of the origin, and enhances CIA's ability to surround its exports in a cloud of secrecy, there is no indication the revision does anything more than control exports by commercial contractors. (S)

6. The foregoing statutes, read together, represent the intent of Congress to control official U.S. military assistance of weapons or services that can be given to countries friendly to the United States for mutual defense purposes and to control the export of defense articles in order to achieve world peace and curtail commercial arms dealings. The proposed intelligence activity is not a substitute for an overt weapons sale [redacted] which is not considered a friendly country and to which aid cannot be provided under the Act at the present time, absent an amendment to existing policies and regulations. (S)

7. The transaction is not being accomplished under the authority of these Acts, however, but under CIA's authority to collect intelligence and provide services of common concern to the Intelligence Community. No funds appropriated under the FMSA or AECA are being utilized, but some of the [redacted] are derived from such appropriations and were found in DoD stockpiles. The President may sell defense articles from such stockpiles to any eligible country. 22 U.S.C. § 2761. The central question, therefore, is whether the Army can provide CIA with defense weapons earmarked for FMSA/AECA treatment without acting under the limitations of those Acts. If DoD can provide CIA the weapons, CIA can complete the transaction. (S)

8. There is no clear precedent for this transaction. Previous transfers of weapons or technology by CIA can be

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N 10033

distinguished, in one instance because weapons were not of U.S. origin, and they never entered the U.S. In brief, the arguments are as follows: On the one hand, it may be argued that the Army may request CIA for assistance under the CIA Act or the Economy Act to purchase [redacted] Certainly CIA can expend funds to do so and would be reimbursed for its efforts. Similarly, CIA under those provisions could request funds from the Army to collect the intelligence. However, CIA can utilize the CIA Act to receive Army weapons in order to carry out its functions, but the Army can transfer the weapons to CIA only pursuant to its own statutory or regulatory authority. Assuming such authority exists, the Army also seems to be able to utilize CIA to carry out sales and assistance under the FMSA and AECA. CIA normally is not subject to those acts in transacting accommodation procurements for a foreign government directly with a vendor, since CIA merely serves as a conduit and does not engage in an actual sale or provision of defense articles, and no funds are authorized for CIA to provide foreign assistance under those Acts. (S)

9. According to the information provided us, the activity in question is a joint effort of the DoD and CIA. CIA has listed the [redacted] (S)

10. The FMSA and AECA do not present insurmountable legal obstacles in the carrying out of the CIA's desire to obtain [redacted] If the transaction involved a cash purchase, there would be no legal impediment to effect the transaction. The requirement that the transaction be in barter does present certain problems. There is very little precedent on point. Certainly, if it should be concluded that the means to effectuate the transaction are merely a way to avoid the FMSA or AECA, then, of course, the transaction is flawed. That is not the case under the present circumstances. There is a legitimate intelligence-gathering objective and, instead of using dollars which could be utilized to purchase the U.S. weapons in question, the selling country has asked for a combination of cash and weapons. Under these circumstances it can reasonably be concluded that we do have a legitimate intelligence-gathering activity which is not subject to the FMSA, the AECA or precluded by any other provision of U.S. law. (S)

11. It is obvious that this analysis cannot be carried too far. For example, the CIA cannot be permitted to negotiate an

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arrangement under which highly sophisticated and important U.S. weaponry is delivered for a modest intelligence benefit. This, of course, would involve an attempt to circumvent the spirit of the FMSA and AECA. This is clearly not the factual setting that now presents itself. Here we have an extremely important intelligence-gathering opportunity with a requirement that we provide U.S. weapons of an unsophisticated and conventional kind, [redacted] Indeed, before the transaction is completed, [redacted] insists on inspecting the weaponry to make sure it is usable. It is the high return versus the low grade of the equipment to be given up that makes this transaction fall within permissible bounds. However, the barter aspect of the transaction is a minor or incidental part of a major intelligence-gathering operation. Because of the closeness of the question, the transaction should be brought to the attention of the Departments of State and Defense and the Attorney General and receive their approval before implementation. (S)

W. George Jameson

W. George Jameson



Office of Intelligence Policy and Review

N 10035

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Washington, D.C. 20530

SEPTEMBER 18, 1981

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: — Proposed Exchange [redacted]

Conclusion

You have been asked by the NSPG for your opinion regarding whether CIA may provide a sizable amount of cash and a number of [redacted] without regard for the provisions of the Military Assistance and Sales provisions of the Foreign Assistance Act (22 U.S.C. 2301, et. seq., "FMSA") and the Arms Export Control Act (22 U.S.C. 2751, et. seq., "AECA"). My conclusion is that while every effort should be made to facilitate this transaction, those statutes must be taken into account before such a transfer of DoD weapons to this foreign government may be accomplished. These statutes are exceedingly complex, however, and can only be applied on a case-by-case basis. The information we have received is vague and incomplete and there are a number of significant unanswered questions that could be determinative as to whether and how these statutes apply to this case. It is likely that a body of precedent and interpretation has been developed in the application of these laws that can be relied upon to consummate this transaction. I recommend that this question be brought to the attention of appropriately cleared attorneys at the State Department who are intimately familiar with these statutes and will assist in pursuing this matter in accordance with relevant provisions of law. (S)

Classified by Derivative: CIA Memorandum, dtd. Sept. 15, 1981.
Review for Declassification: Sept. 14, 2001.

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N 10036

Discussion

This proposal has proceeded thus far on the basis of the conclusion that the FMSA and AECA only apply to military assistance programs with friendly countries and not to transfers of U.S. weapons to other countries for important intelligence purposes. The proposal also appears to be premised on several very important, but unsubstantiated, assumptions including that DoD has the authority to provide the weapons to CIA for transfer to [redacted] that the weapons are not being drawn from an inventory or stockpile of weapons that are subject to the FMSA, and that there will be no direct or indirect expenditure of funds appropriated under the FMSA. A review of the face of the statutes and a limited portion of the legislative history raises several difficult questions that should be resolved in order for this exchange to proceed. (S)

The major difficulty is the conclusion that the FMSA and AECA are intended to apply only to overt sales of U.S. weapons to eligible friendly foreign countries and do not relate at all to other transfers of the same weapons so long as accomplished secretly, through another agency and where enhancement of the recipient's military capabilities is not the primary purpose of the transfer. The obvious problem with this approach is that it would have the effect of requiring the many and detailed limitations and notice provisions of the statutes to be observed when arms are being transferred to friends or allies for certain purposes, but not require such controls to be respected when an unfriendly country, or even a friendly country for an intelligence purpose, is involved. A country hostile to the U.S. that engages in military aggression, supports international terrorism is communist dominated or controlled, participates in nuclear proliferation without regard to international controls, acts to the financial detriment of U.S. citizens or enterprises, and subjects its citizens to gross violations of human rights could be provided U.S. weaponry with relative impunity, so long as the purpose is appropriate, while a friendly country involved in any one of these activities would be subject to sanctions and specia procedures. See e.g., 22 U.S.C. 2304(a)(2), 2370(b), (c), (e), (h), (i), (j), (t), 2371, 2429, 2753(a), (f), 2775. (S)

While the scope of the statutes is not entirely clear, I believe the better view is that Congress intended to preempt the field and provided these Acts as the sole means for furnishing U.S. weapons to foreign governments. It is true that several provisions refer to "friendly" countries and could be relied upon to argue that a limited application was intended. See, e.g., 22 U.S.C. 2301 (congressional intent to improve ability of friendly countries to deter aggression), 2311(a) (President authorized to furnish military assistance to

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friendly countries when doing so will strengthen U.S. security), 2751 (U.S. policy to facilitate common defense through international agreements with friendly countries), 2754 (U.S. military sales to friendly countries are authorized solely for internal security and self- and collective defense). (S)

However, there are at least an equal number of instances where the statutes refer to "any" or "any eligible" country, thereby implying a broader intent and coverage. See, e.g., 22 U.S.C. 2302 (defense articles may be furnished to any country solely for internal security or self- or common defense), 2304(a)(2) (no security assistance may be provided to any country where the government consistently violates human rights), 2321b (Congress must be notified of decisions to provide certain excess defense articles to any country), 2321h (defense articles set aside for any foreign country cannot be provided to any foreign country unless authorized, and charged against funds authorized, under the Acts), 2370(i) (no assistance to any country engaging in military aggression), (j) (President to consider terminating assistance to any country failing to control mob action against U.S. property), (t) (no assistance to any country without U.S. diplomatic relations) 2371, 2753(f), (end assistance for one year for any government granting sanctuary to international terrorists), 2393a (no funds expended to carry out any provision in any country more than 35 days after an unanswered GAO or Congressional information request), 2429 (no funds expended for military assistance to any country that engages in nuclear proliferation), 2753 (no defense articles to be exported to any country that does not meet stated eligibility requirements), 2761 (President may sell defense articles from DoD stocks to any eligible country), 2775 (any less developed country diverting resources to unnecessary military efforts is ineligible). Furthermore, it is not surprising that Congress would not contemplate discussing the contours of, or codify a specific, detailed legislative system for, furnishing military assistance to unfriendly governments. (S)

In addition, the definitions of crucial terms used throughout the statutes are drawn in broad, unlimited fashion. Thus, "security assistance" includes any military assistance under the FMSA and sales of defense articles under licenses to export defense articles under the AECA. 22 U.S.C. 2304 (d)(2). "Defense articles" under both Acts includes any surplus defense articles owned by the U.S. and initially procured for U.S., not foreign, military purposes, 22 U.S.C. 2321c, 2403(g), 2794(1), and "foreign country" includes any department, agency or independent establishment of a foreign country. 22 U.S.C. 2321c(2). (S)

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N 10038

It may be argued that only transactions that can be characterized as deliberately and primarily intended to strengthen foreign military capabilities, i.e., "assistance programs", are covered by the Acts and they do not apply when this is only an incidental, albeit natural, consequence of the activity. This view is difficult to square with the nature and tone of the relevant provisions which more clearly support the conclusion that Congress did not intend to allow the Executive to have unfettered discretion to transfer U.S. weaponry to unfriendly or ineligible countries or to any country for intelligence purposes. Rather, the statutes are drafted in limited terms that convey a Congressional intention to exert control over the distribution of U.S. weapons and not to allow such materials to be provided to countries that do not meet the statutory terms. (S)

The statutory provisions include both general and specific language that seems to belie any intention to narrow the extent to which the Acts relate to transfers of U.S. weapons. Section 2321h(2), for example, states that:

> [n]o defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this chapter or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred . . . . (Emphasis added.)

More specific controls include the limitation in the provision authorizing the President to provide military assistance to allow its exercise only as to "eligible" countries and instances where doing so will strengthen U.S. security and promote world peace. 22 U.S.C. 2311(a), 2753. Grants, i.e., gifts, rather than sales or loans, of assistance are authorized to only certain countries and with very stringent controls and Congressional notice requirements. 22 U.S.C. 2312, 2314, 2321b. Assistance to Communist countries and countries acting in ways detrimental to U.S. property interests, that have no diplomatic relations with the U.S., or support terrorists or nuclear proliferation, is

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either barred or limited by the statutes. 22 U.S.C. 2370, 2371, 2429, 2753. Further, although the Congress may not have had transfers for intelligence purposes in mind when it addressed this area, there is no indication of any such exclusion or reservations in the statutes or the limited legislative history that was examined. (S)

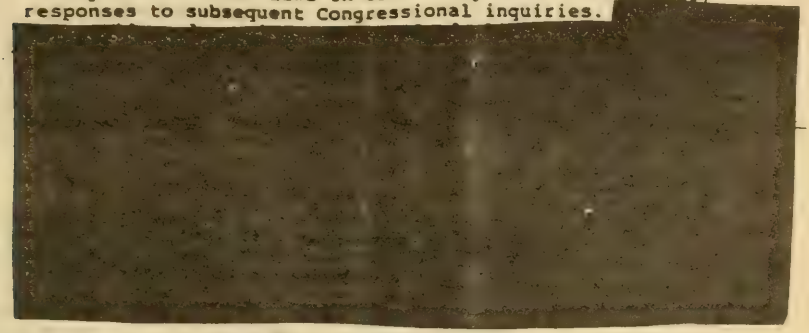
Even if the provisions of these statutes must be applied here, however, it does not follow necessarily that this transaction cannot be consummated. The FMSA and AECA each authorize the President to transfer defense articles in the national interest immediately in an unforeseen emergency. 22 U.S.C. 2318, 2753(d). The FMSA authorizes the President to approve the transfer of defense articles "procured to carry out this chapter "from DoD to other U.S. Government agencies "in lieu of being disposed of to a foreign country" whenever determined by the President to be in the best interests of the U.S. 22 U.S.C. 2355. These items may then be disposed of by the recipient agency without regard to laws governing such disposal when necessary to prevent their "wastage" or "to conserve their usefulness". Id. The President is also authorized to furnish military assistance without regard to the FMSA or AECA limitations when he determines that to do so is important to U.S. security. 22 U.S.C. 2364. Many of the other limitations, even those regarding proliferation, aggression, terrorism and damage to U.S. interests, provide some room for Presidential determinations and assurances. 22 U.S.C. 2370, -71, 2429. The agreed meaning and application of these provisions in the past is very important in determining whether they may be involved in this case. The fact that most of the Presidential authorities are subject to Congressional notification should not pose a problem since it is intended that the Congress be advised of this exchange [redacted] (S)

In addition to the basic questions relating to the applicability of the statutes, the basic assumptions also raise certain questions. For example, CIA may not be authorized to perform this service for DoD under the Economy Act unless DoD would be authorized to transfer the weapons [redacted] Whether these weapons are being drawn from DoD "stocks", "excess" or "inventory" and whether funds appropriated under the FMSA will be directly or indirectly involved are also pivotal issues. The legislative history makes clear that Congress intended that furnishing excess defense articles from DoD stocks to any country should be treated under the FMSA since it would be an "expenditure" credited against funds appropriated under the FMSA. 1974 U.S. Code Cong. & Ad. News 6694-95. There is other evidence of Congress' concern that any transfers of materials from DoD "stockpiles" be reported to Congress and treated under the FMSA and AECA. 1980 U.S. Code Cong. & Ad. News 6561. Official, non-commercial, transfers of DoD weapons may in fact be covered

UNCLASSIFIED N 10640

by the AECA even though no license is required since that statute is clearly tied to the FMSA, 22 U.S.C. 2751, and refers specifically to the conditions required for sales from DoD stocks. 22 U.S.C. 2754, 2761. (S)

The need to resolve these ambiguities is made more serious by the fact that this proposal presents significant policy considerations that require extra attention to both the letter and spirit of these laws in order to provide satisfactory responses to subsequent Congressional inquiries.



This transaction is obviously very important and every lawful means should be explored to facilitate the exchange [redacted] It may be that the statutes in question do not present any difficulty at all and do not in fact relate to such transfers so long as not for "military assistance purposes". I believe that there are lawyers at the State Department who can assist in resolving these questions, however, and who should be consulted before proceeding further. (S)

A. E. CINQUEGRANA
Deputy Counsel for Intelligence Policy
Office of Intelligence Policy and Review

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UNCLASSIFIED [redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date January 17, 198[redacted]

OGCR TS 0801-86
Copy 1

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N 10041 and N 10042

DENIED IN

TOTAL

Chapter 24 FN #.72

	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)

2/6/8

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UNCLASSIFIED

N 7012

NSC/ICS CONTROL NO. 402000 Re-do

COPY NO. 3 OF 4

24-72

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

#162

Partially Declassified/Released on 5/2/07
under provisions of E.O. 12356
By R. Wiggins, National Security Council

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BY FBI
12-12-86
NSC

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402000
Re-do

February 6, 1985

SECRET SENSITIVE

ACTION

N 7013

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Cable to President Suazo of Honduras

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey requesting their concurrence in a proposed backchannel cable to President Suazo from President Reagan (Tab A). The cable is intended to emphasize for President Suazo our support in the event of a Sandinista attack [redacted]

Since we originally reported on January 25, the HUMINT and [redacted] indications of an attack, [redacted] Since January 29, the Sandinistas have been sporadically firing into Honduras with their artillery and rockets. GEN Paul Gorman delivered to the Pentagon on Monday, February 4, two 122mm rocket assemblies taken from their point of impact in Honduras. The intelligence at Tab II pertains. [redacted]

[redacted]

SECRET
Declassify: OADR

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SENSITIVE

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N 7014

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#891

SECRET 2 SENSITIVE

N 7015

At this point, two steps need to be urgently taken:

-- The FDN is in urgent need of near-term financing--approximatel $2M--for the purchase of rifles, ammunition, and boots for the new volunteers.

-- The Hondurans need to be stiffened with assurances from the United States that we will meet our responsibilities under existing treaties. [redacted]

[redacted]

Regarding the first matter, as a consequence of GEN Singlaub's recent trip, both the [redacted] and the [redacted] have indicated to [redacted] that they want to help in a "big way." [redacted] (CIA) has withheld the dissemination of these offers and contacted me privately to assure that they will not become common knowledge. Singlaub will be here to see me tomorrow. With your permission, I will ask him to approach [redacted] at the [redacted] Embassy urging that they proceed with their offer. Singlaub would then put Calero in direct contact with each of these officers. No White House/NSC solicitation would be made. [redacted]

RECOMMENDATIONS

1. That you sign and transmit the memo at Tab I.

Approve _____ Disapprove _____

2. That you authorize me to proceed as indicated with GEN Singlaub.

Approve _____ Disapprove _____

Attachments

Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
Tab A - Proposed Backchannel Cable to Suazo
Tab II - Intelligence
Tab III - Photograph
Tab IV - Background Cables

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SECRET

24-76 ~~Top Secret~~ 24 Feb 76

Top Secret [redacted]

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C 3327

[redacted]
NICARAGUA

Special Analysis

Resupply Problems for Insurgents

Problems with supplies are hampering the rebel strategy of forcing the Sandinistas to fight on more than one front [redacted] are holding up delivery of quartermaster supplies and keeping some [redacted] insurgents in base camps. In addition, the air resupply link to [redacted] more than [redacted] is threatened by increasing Sandinista scrutiny and by the unreliability of the chartered aircraft and pilot the rebels are using. (S NF NC OC)

According to a rebel commander [redacted] are preventing quartermaster supplies, especially boots, from reaching rebel troops and have forced about half of their estimated [redacted] men to remain in their base camps. Two sources say, however, that the insurgents have adequate weapons and ammunition and that problems with food supplies appear to have eased since US funding became available to buy and transport food locally. (S NF NC OC)

[redacted]

4549

continued

[Declassified]
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C11N 1391

Top Secret
TCS 2706/86
8 January 1986

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C 3328

Resupplying Units Inside Nicaragua



Outlook

Library
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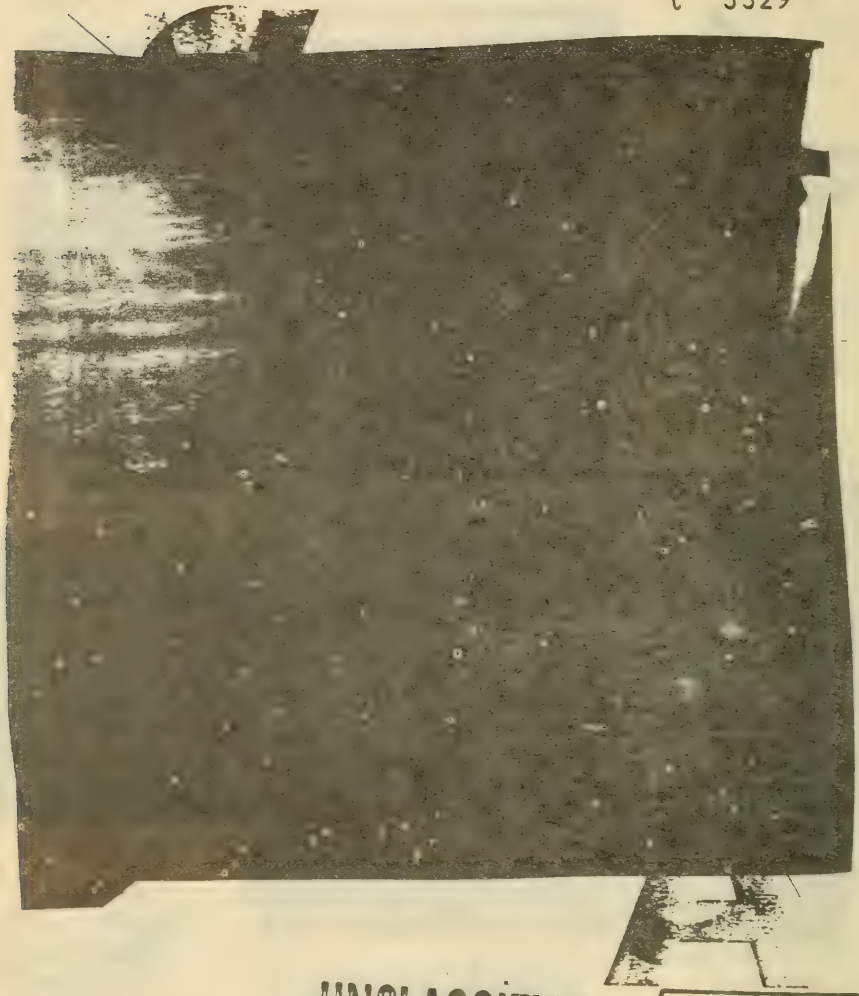
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CIIN 1391

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Top Secret
TCS 2706/85
8 January 1985

CIIN 1391

Executive Registry
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UNCLASSIFIED

8 January 1986

C 3330

MEMORANDUM FOR: [redacted] ctor of Central Intelligence

FROM: [redacted] SA/DCI

SUBJECT: NSC Meeting on Central America, 10 January 1986

1. You are scheduled to attend an NSC meeting on Central America at 1100 hours on Friday, 10 January 1986 in the Cabinet Room. According to the notification from the NSC Staff, this meeting will focus primarily on U.S. policy toward Nicaragua.

2. At the TABs you will find the following material:

TAB A This TAB contains briefing notes providing a general overview of Nicaragua in the Central America context prepared by NIO/LA to support your introductory remarks.

TAB B This TAB contains a paper submitted to the NSC for this meeting by C/CATF on the status and future effectiveness of the Nicaraguan democratic opposition.

TAB C This TAB contains the State and DoD position papers prepared for this meeting and briefing notes thereon prepared by NIO/LA.

TAB D This TAB contains the weekly highlights from DO/CATF.

TAB E This TAB contains the monthly Central America report #29 and the Nicaragua-El Salvador Tactical Update for 2-8 January 1986 from DI/ALA.

[redacted]

A

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C 3331



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NO ANNOTATIONS OR MARKINGS

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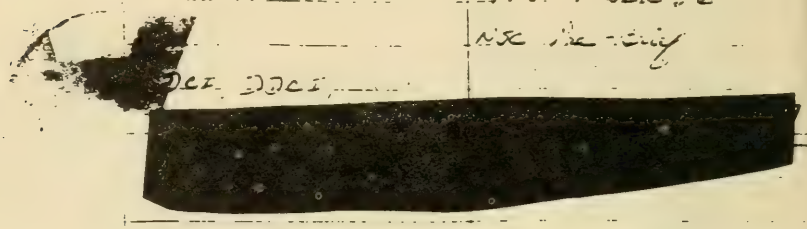
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24-76

DOCUMENT UNAVAILABLE.

24-77h78 UNCLASSIFIED Chapter 24 File 27/78

C 3315



DCI DDCI

DCI wants to make the emergency
clear task -- either we go all
out to support them or they'll
go down the drain

DCI wants to add some detail
on how we are going to
strengthen the FDIC

DCI wants to keep the add
pressed to "over 35 billion in
the next 4 years"

DCI wants a stiff hold on Cordtsen

Lucille Library
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C 3316

[redacted] DCI needs something on the new leadership in Costa Rica, Guatemala and Honduras and what their views are likely to be toward Nicaragua, Honduras and Salvadoran insurgencies -- also, what about Panama

[redacted]

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With C want Talking pts broader
- st[redacted] of the insurgency
- [redacted] of the govt
- what does it mean -- we need to give a good picture of the external support Nicaragua has received, the infrastructure built, the Cuban role

C 3317

- needs something on the other countries
- something on the Contadora process (why we should get out of it)
- Mr C wants hard data !

[redacted]

* get copy of Fall 85 Strategic Review

1. insurgency - how is it doing - size, strength, etc. potential
2. Govt -- what are they doing - economic struggle -- reliance on Soviets
3. Opposition -- degree of dissatisfaction with
4. Internal Disposition
5. External Support -- magnitude
6. Strategic Situation -- what are neighbors doing risks & feasible objectives

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24-79

Chap I - 34 FN 24-79

C 4929

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4/25/87

SANDINISTA MILITARY ACTIONS AND INTENTIONS

4551

Since early 1986, an analysis of all intelligence sources indicates the Sandinistas have focused their military activities primarily on disrupting FDN infiltration efforts while at the same time attempting to prevent the resupply of insurgent units operating deep inside Nicaragua.



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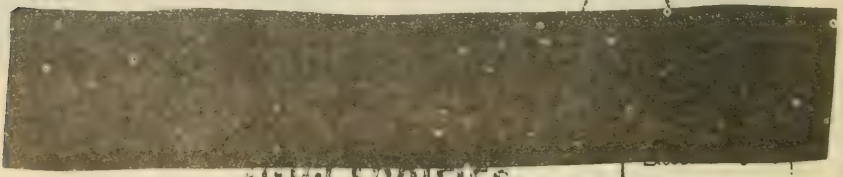
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the Sandinistas probably believed that there would, as usual, be no Honduran reaction to the incursion, and that their forces could quickly move out and return to Nicaragua. Indeed, one of the captured Sandinistas stated the goal of the operation was to sweep into the salient, attack the CIM, and then exfiltrate to the west.



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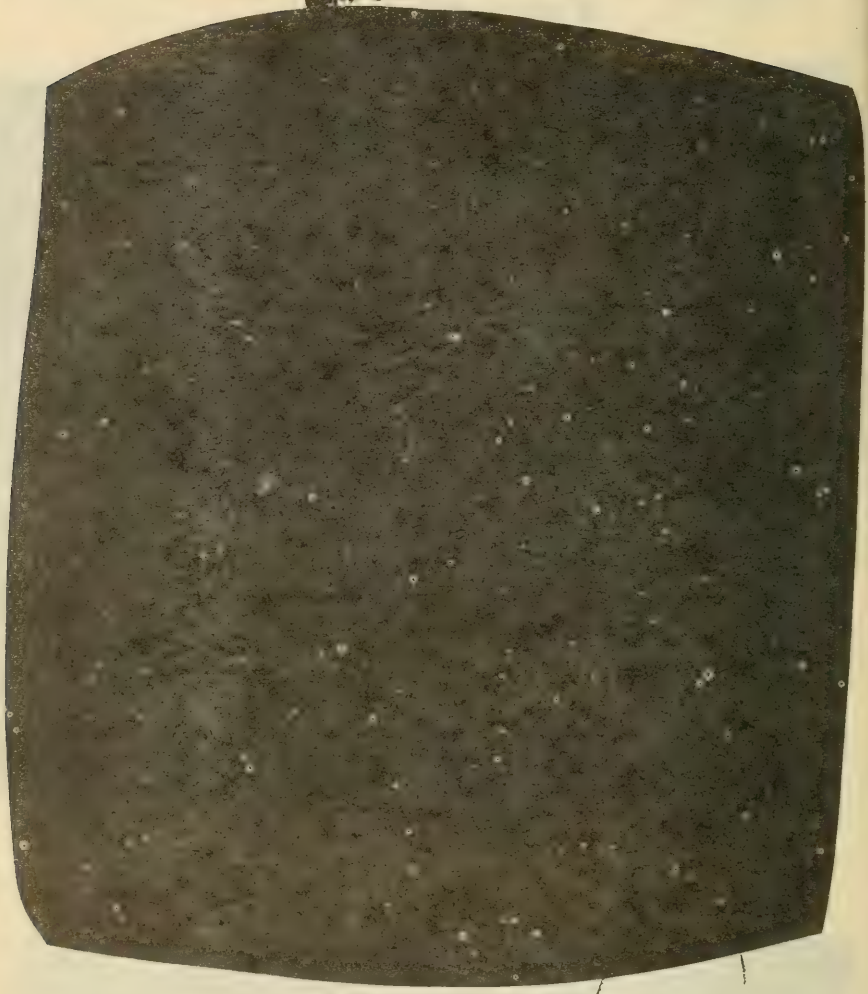
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N 38893

THE WHITE HOUSE

Office of the Press Secretary

24-80

PRESS BRIEFING
BY
LARRY SPEAKES

March 25, 1986

The Briefing Room

9:51 A.M. EST

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THE WHITE HOUSE

Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

March 20, 1986

The Briefing Room

9:51 A.M. EST

MR. SPEAKES: Today, the President has, at 2:00 p.m., an Economic Policy Council meeting. Davis-Bacon is the subject. Continuing discussions about what we do on that.

That's basically it, except for staff meetings and congressional phone calls, both on the balanced budget and on Nicaragua.

Balanced budget schedule to be voted on this afternoon and -- very late, and then we're -- some votes short. The President continues to work. It's a tough, tough but doable, as we used to say.

Nicaragua, he'll make some calls on that. That will be laid down in the Senate late today, and chances are it will be voted on late tomorrow afternoon, although it could spill into Thursday.

Twelve o'clock noon briefing.

A couple of other announcements. The President today is sending a package of six bilateral investment treaties to the Senate for ratification. They are with Turkey, Panama, Haiti, Senegal, Zaire and Morocco. The first -- these are the first bilateral investment treaties ever negotiated by the United States. The treaties will guarantee protection for investment that is helpful to the economies of these developing nations.

A press release providing details will be issued by the Office of the United States Trade Representative this morning, and a briefing will be held by the Assistant U.S. Trade Representative Harvey Bail, Room 101, Winder Building, which is at 600 17th Street Northwest at 11:00 a.m. We will have copies of the Senate notifications of the treaties available here at 11:15 a.m.

I've got other statements on consumer price index, Libya and Honduras.

Consumer price index fell four-tenths of a percent in February. This is the largest month of decline since November, 1980. As expected, the drop in inflation is largely due to energy prices. However, the 3.0 percent energy price decrease was accompanied by seven-tenths of a percent in food prices, and these, of course, two major consumer items.

Today's news, when matched with a sizable six-tenths of a percent February growth in personal income means that real income for the average American rose by a full percentage point last month. All of this can be translated into a very simple message. Americans are making more money and with inflation virtually nonexistent, they can buy even more goods and services with it.

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Inflation for the past 12 months rose at only 3.2 percent rate; a remarkable record of achievement for President Reagan, who faced 11 percent inflation when he took office in 1981.

While the wealth of good economic news should be welcomed by us all, the Congress must bear in mind that the President does not intend to allow the lack of congressional resolve to unravel what the administration has accomplished in 40 months of economic expansion. His 1987 budget stands for continued growth with no big tax increase or dangerous cuts in defense spending. Congress must not take the easy way out and risk damage to the nation's economy.

Q Does the Federal Reserve Board deserve any credit for the reduction in inflation?

MR. SPEAKES: I'm sure they do.

Q What's the explanation for the durable goods portion of today's economic --

MR. SPEAKES: Those are fluctuating indicators that will go up and down from time to time. I think this is just one of -- just one among many, and others have not risen in other months, it's just one month.

Q Larry, does the language on no big tax increases leave the door open for a lot of small ones?

MR. SPEAKES: No. Our budget is out there and it explains exactly what we're talking about on revenues.

There's a large backlog, Frank, wherever you are, and shipments will be on the rise in the next few months ahead. That's durable goods.

Do you want to cover --

Q Let's go to the other --

Q Honduras request.

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MR. SPEAKES: Honduras first, then Libya. During the last -- within 48 hours of the House rejection of aid to Nicaraguan resistance, Sandinistas military units crossed into Honduras in a large scale effort to attack UNO and FDN camps, training centers, and hospital facilities. The numbers are up to 15,000 Nicaraguan --

Q You mean 1,500.

MR. SPEAKES: -- 1,500 Nicaraguan military troops that are involved in the incident there. The president of Honduras has requested that the United States provide urgent military assistance. We're considering this request. It would include troop lift capacity as well as other type of material and services that would be furnished.

The President is considering this request. If the President does make an affirmative decision, which we would anticipate that he would do later today, he would exercise his authority under Section 506A of the Foreign Assistance Act that would provide Honduras with $20 million in emergency assistance. This is under consideration and we would expect the President to make the proper notification for Congress if he decides to in favor of this.

There is no War Powers consideration in this area. Whatever troop lift that would be considered would probably be well outside of the zone which the fighting is taking place in southern Honduras. There is no plan to keep Congress into session for any reason. This is a notification and does not require approval.

So, Bill?

Q Larry, derivation of a $20 million amount. Is it Honduras' request or is that --

MR. SPEAKES: The $20 million would be a transfer of goods and services totalling up to $20 million and, that is Honduras' request. That's what it would take for them to meet this emergency situation.

Q -- asking for $20 million.

MR. SPEAKES: They have asked for a number of goods and services that would total up to $20 million.

Q -- air lift capacity --

Q Troop lift capacity?

MR. SPEAKES: Troop lift capacity, that would have to be determined -- it'd have to be in defense, I would judge it would helicopters.

Q We would provide the airlift. It's not that we would turn over the vehicles to Honduras.

MR. SPEAKES: That's right. We would provide the aircraft.

Helen?

Q Has it been any confrontation between Honduran and Nicaraguan troops and are the Nicaraguans still there and where are they?

MR. SPEAKES: The Nicaraguans --

Q Why hasn't Honduras said so?

MR. SPEAKES: The Nicaraguans are still there. They're still involved in fighting. Whether there's been any direct contact

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between Hondurans and Sandinista forces, I don't know.

Q Contra forces?

MR. SPEAKES: There has been direct contact between them and considerable lost of life. Let me see if I have those figures. Resistance units have reported 16 killed and 40 wounded in the last two days of battle.

Q Who?

MR. SPEAKES: They've reported that several -- Contra forces -- they reported that they've captured several Sandinista prisoners and have accounted for a large number of Sandinista casualties.

Q Does it appear that these Nicaraguan forces went into Honduras because they wanted to try to destroy the Contras before aid, more aid, could be forthcoming?

MR. SPEAKES: We can't make that judgment but it is certainly a interesting coincidence that Ortega

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ordered these steps taken just hours after the United States Congress had voted down the request for Contra assistance.

Q Larry, can you clarify the confusion over denials from many people in Honduras -- official statements? Can you tell us when the request came?

MR. SPEAKES: The request was received sometime during the -- midday yesterday, right?

MR. SPEAKES: Midday to last night we were working on it.

MR. SPEAKES: Okay. We worked on it, but I think we'd had notice of the request midday yesterday.

MR. SPEAKES: Right.

Q Even while Honduran officials were telling reporters that no such request was being made and that there was no confrontation underway?

MR. SPEAKES: These are the facts, and I think the Hondurans will back it up.

Q Can you narrow down for us where the geographical location of this --

MR. SPEAKES: I don't have the specifics on geographical -- it's in southern Honduras, but I don't know. I can't --

Q -- names --

Q President's name -- did he ask -- Honduras?

MR. SPEAKES: Azcona -- President.

Q Are they requesting this under the Rio Treaty? Are they going to the OAS? I mean, is there --

MR. SPEAKES: I don't think so.

Q Is it simply a request to --

Q Well, what does their request say is going on? I mean, they don't publicly acknowledge the Contras even exist in their country. Now -- what are they saying -- that Nicaragua's invaded their country to fight them, or what?

MR. SPEAKES: I don't think they've been specific. This is -- this, under our law, comes as a -- was looking for urgent U.S. military assistance. I think there's a legal phrase under Section 506A that requires -- unforeseen military situation which exists in Honduras.

So -- David.

Q What do we think is the motives -- are the Sandinistas trying to deal a death blow to the Contras before we can get the aid down there?

MR. SPEAKES: We think that's -- that would be a right, likely motivation on their part. We do not think this appears to be a hot pursuit-type of an action there.

Q Larry, do you link this directly -- Nicaraguan actions with the loss in the House?

MR. SPEAKES: I can't put myself in the mind of the Sandinistas government and discover their motivations. The facts

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speak for themselves -- within 40 hours as we started.

So --

Q But you leave the impression --

Q You indicated earlier that the President doesn't anticipate asking Congress to extend its session. Might the President be considering a special session during the Easter recess to -- for the House to entertain its second vote on more Contra aid?

MR. SPEAKES: No, there's no plan for that.

Q Is this money going to be reprogrammed? I mean, how physically -- legislatively --

MR. SPEAKES: It comes from Defense funds and it goes into foreign military assistance program. It's a 506A transfer.

Q With the House not in session, how does that work?

MR. SPEAKES: Just notify them.

Q It can be spent without -- just notification?

MR. SPEAKES: Yes, just notify them.

Mike.

Q Can you get an answer to the legal questions about whether they are acting under the Rio Treaty?

MR. SPEAKES: Well, I think you'd have to ask for that. I don't know. They're just asking us for assistance and we're providing it.

MR. DJEREJIAN: That question just simply hasn't arisen.

MR. SPEAKES: What?

Q But assistance for what, though?

MR. SPEAKES: An urgent military situation that is just on their border.

Q Don't they have to tell us what the situation is? Are they saying to us that they had been invaded by their neighbors?

MR. SPEAKES: I have not seen their words. I don't know what they have said, but this is the situation that exists.

Mike.

Q Can you tell us how deeply the Sandinistas have penetrated Honduran territory and whether or not they've reached any occupied areas?

MR. SPEAKES: What we have is that there were -- large Sandinista military force conducted four assaults on a resistance training center that's located 15 kilometers north of the Nicaraguan-Honduran border. That took place in the early morning of March 23. I don't have any other specifics.

Q -- mentioned a hospital.

MR. SPEAKES: The Sandinistas were supporting their units with heavy artillery fire, volleys of rocket fire from Soviet-made BM-21 multiple rocket launchers and MI-8 gunships.

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That is described here as well inside of the Honduran border. I don't have a --

Q The gunships are inside of Honduras?

MR. SPEAKES: -- indicator -- yes.

Q Do we have reports of any assaults after the 23rd?

MR. SPEAKES: I don't think so, Sam.

Q Do you think -- is there any way to know --

MR. SPEAKES: The State Department is going to have a lot more detail on this at 12:00 noon today. I just don't have that much.

Q Larry, will U.S. military --

MR. SPEAKES: Wait a minute. Take it easy. We don't do that here, Mike, since you left.

Q I know that.

MR. SPEAKES: Okay, go ahead.

Q That's what I've been told.

MR. SPEAKES: Oh. What do you have? You were next in line. I was just reading ahead. Go ahead.

Q Okay. Is it possible that U.S. military personnel will be involved in lifting troops into combat areas?

MR. SPEAKES: Well, as I indicated that it would be our desire that this airlift would take place to an area outside of a combat area.

Q And U.S. military personnel, then, you would do the best you could to avoid them being involved in combat?

MR. SPEAKES: Yes.

Q But they'd have the right to fire back if fired upon?

MR. SPEAKES: It always exists.

Q Larry, are you characterizing this attack in any way as an act of aggression or a violation of Honduran sovereignty, or what?

MR. SPEAKES: I think we would leave those type of statements to them.

Eleanor.

Q Larry --

Q Well, the thing is, they're requesting aid in a certain context. What is your understanding of the context?

MR. SPEAKES: That's the same question Plante did. I've not seen the message from President Azconda. It's an urgent military situation, and that's the way it is described under our law, so I don't know.

Okay, Eleanor?

Q Larry, do you think it's likely that this action by

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the Sandinistas might encourage the Congress to vote the aid for the Contras the way Ortega's visit to Moscow did last year?

MR. SPEAKES: I can't make a judgment on that. I think Congress will take due note of it, though, and understand the situation as we've described it over the last several months.

Joe.

Q Beyond the troop lift, can you give us some examples of the goods and services requested?

MR. SPEAKES: No, I don't know.

So -- Dick -- Helen.

Q It sounds like the Honduran troops want to confront the Sandinistas.

MR. SPEAKES: I don't --

Q Is that what they want the aid for?

MR. SPEAKES: I don't know. That's --

Q Why would they put their troops -- they want to put their troops at the front, don't they?

MR. SPEAKES: Well, you know --

Q Defend their country.

Mr. SPEAKES: -- it's kind of like Weinberger said yesterday -- walking along a walk and somebody takes a shot at you, you want to defend yourself. If somebody breaks into your house, you might want to get some folks up by the front door -- help you out.

Charles.

Q Larry, would this troop lift capacity utilize that which is already in the Honduras --

MR. SPEAKES: I don't know. Yes, I don't know. You would have to ask the Defense Department after the President approves this request.

Q And if I can follow, was there any request for any kind of weaponry of a sort that might be transferrable to the Contras?

MR. SPEAKES: Once again, I don't know.

Frank.

Q Does this incursion affect the need, the urgency or the strategy for the aid request for the Contras themselves?

MR. SPEAKES: We've already stressed that it is a matter of utmost urgency, and I think this underscores the urgency of the situation.

Gerald.

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Q You said earlier that Ortega had wanted this incursion. What is that based on? Is that U.S. intelligence talking?

MR. SPEAKES: No, it would be our judgment that Sandinista forces would not operate. We hope they're not freelancing. We hope that they would probably be under the direction of somebody but then again, six-one - half a dozen of the other.

Norm?

Q Is this assistance being framed as necessary to repel the Nicaraguan incursion order, you've got some kind of longer term objective on securing the border?

MR. SPEAKES: I just don't know. We'll have to come up with the specifics on that.

Q Yes, that's going to be addressed in your notification, won't it?

MR. SPEAKES: You guys paying attention over here? You know what Norm wanted?

Q No, I'm sorry.

MR. SPEAKES: See Norm after the briefing. See Plante after the briefing. See the following guys that are --

Q I mean, it would be better -- maybe you could find the aid?

Q You can't talk all at once.

MR. SPEAKES: State Department is going to have a lot more detail on this than I have had. We've dealt with it overnight. We've come up with this for the morning. This is as far as we know at the moment. You may be a bit ahead of the game as far as our decision process is concerned. I've indicated that we received request. We've got it under consideration. I have not seen what the President is going to ask for nor the terms he framed it in. So --

Dave?

Q Larry, has the U.S. government suggested to the Honduran government that it can evoke any of the elected security provisions of the Rio Treaty?

MR. SPEAKES: Not that I'm aware of.

Ira?

Q What's the basis for you saying that you don't believe that the Sandinista troop movement then is a hot pursuit situation?

MR. SPEAKES: There -- certain information that we received from those troops that are involved in the situation there that indicates that it is not a hot pursuit situation; that there are clear cut objectives on the part of the Sandinista troops cross the board.

Q -- from the Contra side?

MR. SPEAKES: That's right.

Q Would our response be any different if it did appear that it was a hot pursuit -- one or two days actually chasing

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guerrillas?

MR. SPEAKES: I don't know. It's an "if" question?

Walter?

Q Larry, you said early on in your statement that there were some hospital facilities of the Contras that came under attack.

MR. SPEAKES: Right.

Q Can you amplify on that.

MR. SPEAKES: Walter, I don't know if I have that information -- that is any more.

Q Were some of the casualties on the Contra side from the hospital?

MR. SPEAKES: I just don't have that type of information yet.

Q Let me ask you also -- U.S. troops on maneuvers in Honduras, how close are they to the scene of the fighting at this time?

MR. SPEAKES: The Defense Department would have to tell you that. I don't know what the distance is.

John?

Q Larry, I heard that there's one report suggesting that the Nicaraguan troops had set up some sort of temporary base across the border in Honduras from which to coordinate their activities.

MR. SPEAKES: I don't have anything on that.

Pat?

Q Will we be supplying any intelligence help or reconnaissance help to the Hondurans?

MR. SPEAKES: I don't know?

Miles?

Q Do we have any U.S. personnel at all in the immediate area where the --

MR. SPEAKES: Once again, I do not know what the situation is. Bob, you don't have anything on that, do you?

COLONEL O'BRIEN: I don't believe so.

MR. SPEAKES: Does not think so here but we'll check.

Q Larry, there's been reports that a lot more Sandinistas troops are moving up toward the border. Can you confirm those reports.

MR. SPEAKES: I don't have anything on that. Okay.

John? Libya?

Q We're ready to move on to Libya. May we do that because of the degree of

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public interest on camera?

MR. SPEAKES: I don't think so, sorry. To begin with yesterday -- and I'll cover that quick and then pick up where we left off yesterday -- at 7:52 A.M. -- and this - all of this material has been released by the Defense Department -- 7:52 A.M., two SA-5's fired at an aircraft in the Gulf -- U.S. aircraft.

Q This is yesterday?

MR. SPEAKES: Yesterday. Late morning, two MiG 25's were airborne and approached our aircraft and turned back. 12:45 P.M., two SA-5's and one SA-2 fired at aircraft in the Gulf. Then at 2:15 P.M., one SA-5 fired at an aircraft in the Gulf. We have six confirmed firing over the period of missiles. At 2:17 P.M. yesterday, and this is continuing where we were yesterday, an A-6 from the carrier America destroyed a La Combattante, class fast attack missile patrol craft with harpoon anti-ship cruise missiles. This was on the 32-30 line.

At 3:17 P.M., two A-7's from the Saratoga, launched a HARM missile -- the high speed anti-radiation missiles -- at the site -- SA-5 site and inflicted some damage -- I'll come back to that -- . At 4:15 P.M., Nanutcha, which is a patrol craft, was attacked -- a missile patrol craft -- is attacked by A-6's. This included -- this was inside of the 32-30 south of it -- and it was near Benghazi. It was damaged but the missile boat returned to port at Benghazi.

Now, this is basically picking up -- I don't think you had that yesterday -- at 6:12 P.M. yesterday, the USS Yorktown fired two surface to surface missiles and sank a Wadi patrol boat. The damage assessment was there was debris floating on the water. Boat destroyed. This was outside, north of, considerably north of, the 32-30 line. 6:45 P.M. last night, two A-7's from the Saratoga, struck an SA-5 missile site at Sirte. We do not have damage assessment on that at this time. So that's two separate firings of missiles at the Sirte site.

At 1:07 A.M., that's today, two A-6's, one from the Saratoga, one from the Coral Sea, struck an Nanutcha patrol boat near Benghazi. Damage assessment; boat dead in the water; on fire; life raft seen in the water; Libyan helicopter search and rescue mission in progress. This is outside of the zone. So the totals are three patrol boats sunk, one damaged. Three of these four that we were involved with were outside of the 32-30 line, north of the line. Well, two were north of it, one on it, and one south of it near Benghazi so, they're operating considerably north of 32-30 approaching the fleet.

There were no U.S. casualties and no damage to aircraft or ships on the U.S. side.

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Questions on that?

Q Yes. Any more action since the 1:07 a.m.? I take it not.

MR. SPEAKES: No, there has not been any action reported to us since then. It's been generally quiet in the region. Our freedom of navigation exercise continues south of 32-30.

Q Weinberger talked of a fifth boat at his 9:00 briefing? Was he mis-speaking?

MR. SPEAKES: I think that was one that was shot at. Do we -- we've got that. That's the one off the Turner -- fired two harpoons at 5:49 p.m. yesterday at an unidentified contact in the vicinity of anti-aircraft fire. This took place, also, considerably North of 32-30 and we do not have any confirmation of a hit on that. That's the one he was talking about.

Q Larry, from what we understood yesterday, there is only one SA-5 missile battery in Libya --

MR. SPEAKES: That's correct.

Q -- at Syrte and the Secretary said that it was knocked out by the initial attack. Is that --

MR. SPEAKES: He said that yesterday. That's not what he said today.

Q Have we re-evaluated that? Was it knocked out and we hit it again, is that it? It's the same site.

MR. SPEAKES: Well, the situation involving an SA-5 site is that we operate and we make judgments, particularly at nighttime, with our overflight, at nighttime by the operation of the radar. The radar went down yesterday and that caused us to at least consider the possibility that it had been knocked out. They also operate with multiple radar sites in the area of the SA-5 site, and some considerably away from it. One could have been knocked out and others.

We do have confirmation of damage to it. The site, an hour ago, was down and not operating. It has been up and down through the night. But whether it is knocked out, depends. They have additional spare parts and equipment stored in various localities in the country that they could bring in to make it back operational. So, we do know it was damaged. We do know it was down for a period of time. We do not know whether it is inoperative or can be made operational. We do not have any casualty reports. We do not have any information regarding Soviet presence there, either pro or con.

Q Is there any indication on the capacity of that site -- how many missiles there might be there?

MR. SPEAKES: I think we do have that. Is that something we should not talk about? Okay. We do know that there are a number of missiles there, so it has multiple missiles at that site.

Q The Libyans say that there was a hit taken on the adjoining town. Does the damage report indicate anything like that?

MR. SPEAKES: We don't have that, no.

Q Are you saying no, or you don't have it?

MR. DJEREJIAN: We don't have any indication of that.

MR. SPEAKES: We don't have it. Yes, let me --

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Q Yesterday we said that the attack on the missile site at Syrte was prompted by the launching of the SA-5 missiles. Is our posture now there beyond -- moved beyond retaliation and to a pre-emptive move?

MR. SPEAKES: No. I wouldn't predict what the operation of the fleet might be or the aircraft operating off the carriers might be in the future. The action taken against these two missile sites were HARM missiles. HARM missiles operate when radar comes on at the site and that indicates to us that they're preparing to lock-on and fire.

Q So this second attack on Syrte was --

MR. SPEAKES: Was HARM missiles.

Q -- prompted by another --

MR. SPEAKES: Another lock on -- another turn-on of the radar. And I'm not talking about the future.

Helen -- then I've got to work with the back.

Q What about the War Powers Act? Is the President reporting today?

MR. SPEAKES: The War Power situation -- we've had continuing informational discussions with Congress and we'll do so more today. We'll keep them updated through the day. This matter of War Power is being reviewed by the lawyers at State, Defense, White House and Justice. And we will make a determination about it in the future.

Q Can you be a little more specific about the consultations today -- timing?

MR. SPEAKES: There's no specific timing. They'll just be kept updated through the day.

Q Are leaders coming down or the President going to see anyone?

MR. SPEAKES: No plans for that.

Q Should the President have -- should the President have consulted Congress in advance because of a policy that might have led to U.S. forces being put in a danger zone?

MR. SPEAKES: Congressional leadership on -- both Republicans and Democrats -- both House and Senate, chairmen and ranking member of the Foreign Relation Committees of both Houses were notified when we filed the notice of intent in the region. Once that we were required to respond, they were notified and briefed promptly.

Q You said yesterday that we would consider all the Libyan forces, vehicles, I guess, that move toward us to be of danger to the fleet. Was this patrol boat near Benghazi, in fact, moving toward the fleet or in some way --

MR. SPEAKES: Yes, he was moving toward our operations in the Gulf.

Q Do you know how far away he was?

MR. SPEAKES: Well, the range of those -- of La Combattante, for instance, these were Nanutcha -- right down in Benghazi -- what's the range on that?

COLONEL O'BRIEN: 40 miles.

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MR. SPEAKES: 40 miles on that one too. The missile range on that is 40 miles. We don't let them get that close.

Bernie?

Q Larry, are there any plans for further U.S. forces to be moved into the region?

MR. SPEAKES: I don't know the answer to that. I guess, Bernie, we'd have to talk to Defense.

Q Larry, how close to Libyan airspace or to shore have American aircraft come?

MR. SPEAKES: Aircraft were remaining outside of the 12-mile limit that's the internationally recognized territorial waters.

Q Have American aircraft made runs at Libyan shore-based installations to trigger radar?

MR. SPEAKES: I don't know that kind of detail.

Frank?

Q Can you clear up whether or not there were more missiles fired overnight by the Libyans? Shultz just now --

MR. SPEAKES: Yes. We have confirmation of six.

Q Six additional ones from the ones --

MR. SPEAKES: No, six that we announced and all six that I've described here. There are reports of other missiles. There are various ways that we get information about missile firing -- radar, visual and other means. Sometimes you get various sources reporting the same missile. We're sorting that out right now, but we do know of confirmed six and there are reports of, as Bob Sims reported today, up to 12, but we only have confirmed six.

Q Larry, were the Soviets notified in advance of our intention to respond to the missile firing?

MR. SPEAKES: The Soviets were notified -- or at the beginning of the exercise. A notice of intent was notified. We've certainly made our views known to the Soviets over a period of years.

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Yesterday, there was -- what did I do with that? Ed?

MR. DJEREJIAN: Armacost and the Soviet charge --

MR. SPEAKES: We met with the Soviets -- Mike Armacost at the Defense Department -- at the State Department and the Soviet charge met last night at the State Department to discuss the matter. I don't have any details out of that meeting.

Bill?

Q How soon will you exercise -- the possibility of the exercises in the Gulf -- wind them a little bit early, say, on Thursday?

MR. SPEAKES: We have not -- the notice of intent goes through April 1st, midnight April 1st, which is Sunday, and that not necessarily coincide with the end of the planned exercise. We have not announced at what period the exercise extends to and we won't do that. We will continue the exercise and when the Sixth Fleet has determined that the exercise is concluded, then they will certainly conclude it. But to end before Sunday is simply the period that we've filed the notice of intent to operate in the region.

Q Yes, the Wadi class patrol boat, how many men does it hold? How big is that?

MR. SPEAKES: The Wadi patrol boat? Let's see here. Have you got that before you?

COLONEL O'BRIEN: Fifty-eight.

MR. DJEREJIAN: Fifty-eight.

MR. SPEAKES: Fifty-eight personnel onboard and a normal complement of staffing on the Wadi.

Dave?

Q And the range -- it's a missile boat also?

MR. SPEAKES: The missile boat -- 40, about 40 miles on that.

Q Is our trip still on, Larry?

MR. SPEAKES: Yes.

Dave.

Q Could I clarify your response on Mike Putzel's question a little while ago regarding the missile site? If I read you correctly, you said we have knocked out two radar --

MR. SPEAKES: No.

Q We have not?

MR. SPEAKES: No. I said there has been damage. I did not give any specifics. I indicated that there are more than one radar operation usually in the vicinity of these SAM sites.

Q These radar bays there, you knock them out, you blind the missile site.

MR. DJEREJIAN: That's right.

Q A missile site has how many launchers?

MR. SPEAKES: We're not -- yes, I didn't specify that,

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and won't.

Q There could be a limitless number of missiles. It's the launchers that count.

MR. SPEAKES: That's right.

Q And we have damaged some of those launchers?

MR. SPEAKES: I didn't say that. I said there's been damage to the site. I wasn't any more specific than that, and really won't be.

Q How many radars have we damaged?

MR. SPEAKES: I'm just not going to be specific on it.

Q Another question. Can we disengage from that area as long as there is hostile action going on without it appearing that we're turning tail and running?

MR. SPEAKES: I think the results speak for themselves. But the fleet will make that determination.

Q The President will not make it?

MR. SPEAKES: No.

Suzanne.

Q Larry, just to clarify what you said earlier, did you say the President has no specific meetings on this today?

MR. SPEAKES: No specific meetings with members of Congress.

Q Okay. How is he being briefed?

MR. SPEAKES: He was briefed in his normal 9:30 a.m. session with Admiral Poindexter this morning. There are no other meetings scheduled on this subject for the day, but he certainly will be kept advised through the day.

Q Has he spoken with Secretary Shultz by telephone?

MR. SPEAKES: No, not by telephone.

Ira.

Q Two quick questions to review what you said. Is any Libyan boat in between 32-30 and the 12-mile limit subject to attack?

MR. SPEAKES: If it approaches the fleet.

Q But if it's going sideways or back towards Libya -- that's the determination, which way it's headed?

MR. SPEAKES: I don't know. The commander on the scene has the authority and he'll do what's necessary to protect the fleet.

Q And a follow-up to that, when you said the fleet commander is making the decision as to when to break it off or when to engage?

MR. SPEAKES: You mean in specific instances out there or when they end their exercise?

Q Well, both, actually.

MR. SPEAKES: To end specific engagements, yes. That's

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within the discretion of the local commander, not necessarily the fleet commander, but the guy out there on the scene and not the guy back on the carrier. As far as the end of the exercise, I think that will be a joint determination with Washington and those operating in the area.

Q Do we take seriously the threats --

MR. SPEAKES: Candy?

Q Do we take seriously the threat to blow up American oil installations, to hang and execute Americans in the area that Qaddafi is --

MR. SPEAKES: I'm just not going to respond to him.

Candy.

Q Just to follow up on Frank's question several hours ago -- (laughter) -- what you were saying is --

MR. SPEAKES: -- been here a little while.

Q -- the only confirmed firing since you last talked to us yesterday has been from the U.S. side, is that correct?

MR. SPEAKES: That's -- I presume, yes. There have been six in all and I reported six yesterday.

Q Right.

MR. SPEAKES: But the firing from our side has been on patrol boats approaching our units.

Q Okay, and since you talked to us yesterday, you have not attacked the missile sites?

Q Yes.

Q Yes.

Q Where are we here?

Q You have, right?

MR. SPEAKES: Yes. Let's see, I reported that at what? At 4:00 -- at 3:17 p.m. yesterday?

Q No, you said at 6:45 p.m.

MR. SPEAKES: Okay, 6:45 p.m. We had a 3:17 p.m. and a 6:45 p.m.

Q So the situation is since the initial six firings from the Libyans, there have been no confirmed Libyan fire, it has all been U.S. fire, is that correct?

MR. SPEAKES: That's correct, yes.

Q Larry, on the War Powers Act --

MR. SPEAKES: Yes.

Q Does the White House accept that the 48-hour requirement is tolling at this point?

MR. SPEAKES: If we were to make a determination that we needed to report consistent with the War Powers Resolution, it would be done in compliance with the law which requires 48 hours from onset of hostility.

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Q So you don't believe that the 48 hours started sometime yesterday and is now tolling on the requirement?

MR. SPEAKES: The question is, do we believe that we need to report under the War Powers Resolution? We've not made that determination. It would normally be done in 48 hours onset of U.S. involvement in hostilities which would have been yesterday.

Q So you would think within that period you will make a determination as to whether or not --

MR. SPEAKES: That's right.

Q Is there any way of determining the extent of Libyan casualties? You said 27 in one boat yesterday --

MR. SPEAKES: Yes. There's no way to determine, Terry. We know the number of people -- whether there are 58 -- what have we had? We've had two Nanutcha and -- that have 58 and we've had one Combattante that has 27. And so, were there casualties onboard the one at Benghazi, I don't know.

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Q But do you assume that everyone -- that there are any survivors from these two boats?

MR. SPEAKES: We haven't made any assumptions. We didn't have any indications, except the one that was -- we saw life rafts in the water and a Libyan effort underway, but one was burning and sinking, the other -- there's nothing there but debris.

Q Larry, just to clarify, is it an option to stay in the area past April 1, past the notice of intent period?

MR. SPEAKES: Well, certainly we can do what we want to. The notice of intent is there. Notice of intents have been filed and extended. The exercise is scheduled to run for a given period of time. It will conclude when the commanders decide to conclude. So I don't want to end up with a lead that says that, but it's certainly -- anything is possible.

Frank.

Q Do you have a response to Clovis Maksoud, the Ambassador the League of Arab States who says that foreign ministers will be meeting and will have a resolution of solidarity [illegible] and have called for the United States to pull out of the gulf?

MR. SPEAKES: No.

Charles.

Q Secretary Shultz was asked in Turkey if the purpose was in the -- and the quote, the words of the questioner, were "to put Qaddafi in his box," to which Secretary Shultz said, "The purpose was not to put him in is box, it's where he belongs, though." Is that the attitude of the administration, that Qaddafi belongs in his box, or should be in some way removed from office. What is the actual purpose, to get rid of Qaddafi?

MR. SPEAKES: Certainly, if the man would conduct himself within the norms of international behavior, he could run his country. But when he starts exporting terrorism and expanding and expanding, then that's when he needs to be put back in his box.

Joe.

Q Are you concerned that by virtue of this action in the last two days that you might encourage him to further acts of terrorism?

MR. SPEAKES: I can't make a judgment on that. We were doing a freedom of navigation exercise. He attacked our forces, we responded, and that's that.

Q But have you taken it into consideration that clearly he doesn't have the forces to deal with you on a military basis, thereby by threatening or by doing whatever it is, freedom of exercise, navigation or not, if we put him into a corner where the only forces he's got that are effective are terrorists forces?

MR. SPEAKES: I don't know why that -- well, first of all the Libyan government does have a substantial amount of military hardware at its disposal, including a very large air force operation, which, for some reason, has not been active in this last 24-hour period.

Q They don't want to get shot down.

Q Challenge --

MR. SPEAKES: But they do have a very large air force operation, they do have a number of -- a sizable armored operation,

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and they do have some missiles. They have a number of Soviets that are advising. It is a force that has caused considerable problems for its neighbors militarily in the Middle East repeatedly over the last several years, that they have been involved in Chad and in other areas.

Now, as far as terrorism is concerned, I don't think terrorism is ever a logical response to anything. And certainly not a response to a peaceful exercise that takes place in international waters.

Joe.

Q You made reference earlier to a Libyan search and rescue operation after a ship, or a patrol boat had been sunk. Was that allowed to continue unhindered by the Navy in the area?

MR. SPEAKES: I would assume, yes.

Eleanor.

Q If the Administration chooses to stay in the area beyond Sunday, they would have to file another -- an extension or --

MR. SPEAKES: We don't have to. That's a courtesy notice -- a notice of information. A notice of intent is a courtesy notice to operate in a flight information region. It's not necessary. We've done it at times, and other times we haven't.

Q When would that be done if you did it?

MR. SPEAKES: Usually done 24 hours ahead.

So -- Bill.

Q Just to follow on Charles' question, given all that you've said, but also given Qaddafi's track record so far, how would you now assess the security situation as far as American government facilities are concerned or various other American facilities -- in terms of Qaddafi's --

MR. SPEAKES: It's a security situation as much as it has been. We'd take prudent precautions at all times, and certainly in a situation like this. But I don't predict what the man might do.

Q Tightening or increasing it?

MR. SPEAKES: Wouldn't comment on that.

Dave.

Q Any reports from that meeting at State last night or elsewhere that any Soviet personnel were injured or killed?

MR. SPEAKES: Not aware of it.

Andrea.

Q Any connection to the Tokyo bombings?

MR. SPEAKES: Tokyo bombings seem to be some sort of -- homemade device that did not explode. The reporting that I've seen on it -- and this is public reporting -- was that it was some way connected with the economic summit and disrupting that.

Jerry.

Q Excuse me -- not with any groups that might have been Libyan-trained?

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MR. SPEAKES: We haven't seen any indication of that.

Q And can you clarify -- in answer to a previous question, what grounds would lead you to decide that the War Powers Act applies? What conditions --

MR. SPEAKES: If they apply? It's --

Q You're making a decision today about whether to notify tomorrow.

MR. SPEAKES: It's stated very plainly in the War Powers resolution as to what the specifics are that require, and we make a judgment based on those.

Q As to whether or not in this case you'd --

MR. SPEAKES: Report -- Helen, then I'll go to the back.

Q When the charge came to the State Department last night, did he come on his volition? Was he summoned? Was he making a protest?

MR. SPEAKES: At our request is what they say.

Walter.

Q Larry, would you comment on the Post report this morning that the planning for this operation began shortly after the terrorist attack in December and it was designed deliberately to provoke the Libyans into attacking?

MR. SPEAKES: No, I would not comment on that. Our planning for this exercise is a freedom of navigation exercise. I don't know what the date it began, but to put that -- that many U.S. units involved in a training exercise and a freedom of navigation exercise does require considerable planning. These are ongoing efforts that take place on a regular basis worldwide. As far as any provocation, the United States was there on a freedom of navigation exercise.

Q Yesterday, the United States went in with its eyes open and just a moment ago to Charles' question, you said that when they believe this way in international terrorism, that's when we should get put back in the box. The strong implication is the United States is delighted that they responded this way so that we could fire back.

Q Delighted.

MR. SPEAKES: I don't see how you draw that implication. The United States government was conducting a freedom of navigation exercise. We were going into an area that we knew that the Libyans -- that it was a controversial area. Whenever we are operating -- wherever we are operating, our troops are prepared for any eventuality. We were prepared.

Q Is the U.S. government in any way unhappy at this turn of events?

MR. SPEAKES: Well, we would prefer to operate within international waters unhindered.

Q So the U.S. government is not unhappy that this has happened. Is that correct?

MR. SPEAKES: Well, I think you're simplifying a situation, or asking a question that really has no relevance to the situation. We were conducting an operation that we do all over the world. When we went --

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Q Almost time for the 12:00 noon briefing.

MR. SPEAKES: I know. When we went into that area, we recognized that we were dealing with a man that had irrational behavior in the past. We were prepared for any eventuality. As it turned out, it was wise and prudent.

Pat.

Q Are we likely to see the President at any time today?

Q No.

MR. SPEAKES: Not necessarily planned, but you could.

Miles.

Q Oh.

Q Oh.

Q This freedom of navigation exercise is something that regular military -- is done all the time. When was the last one and where?

MR. SPEAKES: Well, we've operated within the Libyan flight information region 18 times since 1981. We have operated south of 32-30 since -- seven times, now eight times since 1981. There have been others in various localities worldwide.

Q Did you mean to open that box?

Q Yes, I mean seriously.

MR. SPEAKES: Which box?

Q On the President.

Q Things are too --

MR. SPEAKES: You know, if --

Q It sounds like if he decides to send it up for $20 million, he will come out and tell us.

MR. SPEAKES: You know, don't get Jack excited again, please. (Laughter.) If -- I never --

Q Do you want to give us some guidance?

MR. SPEAKES: No, I don't. Just calm down. If the President decides to do anything today on any subject -- there are many subjects brewing -- there is the Nicaraguan aid situation --

Q Right.

MR. SPEAKES: There is the balanced budget amendment situation, there is the -- the budget, there is the urgent supplemental, which is veto bait, there is the Libyan situation, it's a beautiful spring day with the temperature getting close to 70 -- there are umpteen things he could do today. Right now, there are no plans for the President to come out.

Q Well, he can't throw snowballs again, that's the only thing.

MR. SPEAKES: If the President does decide to do anything, you will be certainly given adequate notice.

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Dale.

Q On the Nicaraguan --

MR. SPEAKES: And don't come up and ask me afterwards. I've been here for -- what time did we come down here? We've been here a little over an hour.

Q Let's have the 12:00 noon briefing now, get it -- early.

MR. SPEAKES: This may be the 12:00 noon briefing.

Dale.

Q On the question of aid to Honduras, I understood you to say earlier that you anticipated that the President would make an affirmative decision --

MR. SPEAKES: I do. Okay.

Q I want to -- War Powers.

MR. SPEAKES: One more.

Q Is the White House surprised that Qaddafi keeps coming back for punishment, or appears to?

Q Sit down. I have some questions, damn it.

MR. SPEAKES: Never been surprised at anything. Jerry, we skipped you. Let's hear Jerry.

Q Perhaps you've answered this --

Q Is Hickam --

Q -- but do we concede safe haven to Libyan boats if they stay inside the 12-mile limit, and was the boat hit near Benghazi outside the 12-mile limit?

Q I'm going to keep asking.

MR. SPEAKES: Outside the 12-mile limit. Yes. We've not been in there, and I would presume that we would recognize that as --

Q Are you going to win the balanced budget, do you think? Do you have a head count?

MR. SPEAKES: Close, but we've got a way to go.

THE PRESS: Thank you.

END 10:30 A.M. EST

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ROUTING			
TO	NAME AND ADDRESS	DATE	INITIALS
1	OIC		
2			
3			
4			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

REMARKS:

FROM: NAME, ADDRESS, AND PHONE NO.	DATE

Chapter FN 82 & 84

~~CONFIDENTIAL~~ UNCLASSIFIED
(Security Classification)

C 4919

CONTROL NO. ER SC5125 86

Copy 10 of 10

24-82+84

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Channels

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NATIONAL SECURITY INFORMATION
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4553

~~CONFIDENTIAL~~ UNCLASSIFIED
(Security Classification)

CIN 1907

[redacted] UNCLASSIFIED C 4920

3 April 1986

MEMORANDUM FOR: Chief, Central America Task Force, DO

FROM: Director of Central Intelligence

SUBJECT: Sandinista Military Actions and Intentions

1. Here is the material you sent me last night, edited to read more easily. It still doesn't make the point that this is what is trying to be represented as a target of opportunity and the incursion appears to us to be a long-planned effort designed to knock out the Contra forces quickly. Maybe you can get that in somewhere at the beginning, or maybe you feel you can't. I leave that to your discretion.

2. I think this should be used locally for the following purposes:

a. The material, in the form which can be used by our Ambassadors, should be sent to all Contadora and other pertinent Latin America countries. It should be taken in at the highest level of government available in the hope that it will either influence those governments to be supportive of the Contra program and upcoming debate or at least refrain from undercutting its cause up here.

b. A fully sanitized version should be made available to Ollie North, Pat Buchanan, and Elliott Abrams for their purposes here. I'll leave it up to you to get the material on to Elliott, Pat and Ollie. I tried to call Elliott, but he is out of town until tomorrow. You might pass these papers on to him with my suggestion.

3. Also attached hereto is a draft of the piece prepared for tomorrow morning's National Intelligence Daily.

4553

William J. Casey

1/24/87

Attachments:
1. [redacted]
2. Draft NID article

Copy 10 of 10

Executive Registry
38,001

Portion Declassified under auth... by B. Jones, National ...

CIIN 1907

[redacted] UNCLASSIFIED
TOP SECRET [redacted]
HANDLE VIA COMINT CHANNELS

CL BY [redacted]
RVW OADR

UNCLASSIFIED C 4921

Directorate of Intelligence
Office of African and Latin American Analysis

3 April 1986

MEMORANDUM TO: DCI

THROUGH: ADDI

FROM:

1. Pursuant to your note this a.m., DI and DO redrafted the blind memo on Sandinista Military Actions and Intentions, which is attached. Also attached is the proposed NID feature on much the same topic.

2. The feature was held yesterday because DIA wanted to prepare a dissent. DIA has not yet formally submitted its position, but we have been led to understand that its approach will be that the incident represented more a target of opportunity for the Sandinistas rather than being representative of any clear strategy. Also you should know that in the past we have had some difficulty in coordinating pieces on the fighting with INR which has estimated lower numbers of troops involved in recent operations.

4554

1/23/87

Executive Registry
38,662

UNCLASSIFIED

CIN 1908

UNCLASSIFIED Chapter 24 FN #89

DCI Telephone calls to/from SecState Shultz between 1 Jan 86 to 31 Oct 1986

C 1697

24-89

7 Jan 86	1530	(T)	completed 1640
10 Jan 86	1715	(T)	completed
11 Jan 86	0955	(T)	completed 1050
14 Jan 86	1526	(T)	completed 1055
27 Jan 86	1110	(T)	completed 1155
29 Jan 86	1215	(F)	completed
29 Jan 86	1450	(T)	completed 1523
7 Feb 86	1710	(T)	completed 1845
23 Feb 86	1310	(T)	completed
24 Feb 86	1730	(T)	completed 1750
26 Feb 86	1750	(T)	completed 1825
4 Apr 86	1650	(T)	completed
6 Apr 86	1200	(T)	completed 1215
8 Apr 86	1535	(T)	completed 9 Apr 86 1441
16 May 86	1905	(T)	obe (Family Group Brunch 10 Mtg)
2 Jun 86	0931	(T)	obe per DCI 6/3
12 Jun 86	1536	(T)	completed
16 Jun 86	1550	(T)	completed 17 Jun 86 0915
2 Jul 86	0845	(T)	completed by office call 3 Jul 86
21 Jul 86	1645	(T)	obe
23 Jul 86	0856	(T)	completed
23 Jul 86	1605	(F)	completed 1700
4 Aug 86	1555	(T)	completed 1755
5 Aug 86	1445	(T)	completed
8 Sep 86	0916	(T)	completed 0940
9 Sep 86	0825	(T)	completed
17 Sep 86	1132	(T)	completed
19 Sep 86	0730	(T)	completed
29 Sep 86	1740	(T)	completed

Partially Declassified, Release in Part under E.O. 12356 by Kathy Corthy, National Security Council

4556

CIIN 1108

UNCLASSIFIED

Executive Registry 24-940

UNCLASSIFIED [redacted] SECRET

Partially Declassified/Released on 4/26/88
under provisions of E.O. 12356
by B. Straub, National Security Council

The Director of Central Intelligence

Washington D.C. 20505

C 1698

4557

23 November 1986

The President
The White House

Dear Mr. President,

On Friday I spent over five hours discussing and answering questions for the House and Senate Intelligence Committees on our effort to develop a relationship with important elements in Iran. I was able to deal with all their questions with no problem while, at all times, insisting on the value and need for this. A full house of each of the Committees was present throughout and, except for the expected partisan posing by Bobby Byrd and Jim Wright, when they went out to speak to the cameras, the members took it well. I enclose a copy of my opening statement which you can look through quickly.

The public pouting of George Shultz and the failure of the State Department to support what we did inflated the uproar on this matter. If we all stand together and speak out I believe we can put this behind us quickly. Under Secretary of State Armacost sat through my briefing [redacted], opening his mouth only to deny involvement or knowledge. At one [redacted] he intervened to explain that "as the lead agency in fighting terrorism" the State Department was taken aback to find that we had provided weapons to terrorists. [redacted] quickly pointed out that CIA had the largest experience and capability in coping directly with international terrorism and while engaging on all fronts on a daily basis found this no impediment to seeking improved relationships with countries that might be turned away from terrorism. Armacost quickly subsided but at no time during the briefing came forward with any supporting statement. Rich Armitage, who accompanied me for Defense, was helpful in explaining the rules on arms transfer and was forthcoming and supportive whenever he had the opportunity.

[redacted]

On Thursday I returned two days early from a week scheduled in Central America. I found the commandantes and fighting men of the FDN in high spirits and ready to go.

[redacted] We are moving inside Nicaragua but our diplomacy and public information must be much stronger and more aggressive to show greater political determination of purpose, particularly in Latin America.

[redacted]

Respectfully,

Bill Casey

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C11N 1109 UNCLASSIFIED William J. Casey

P.S. I wrote this late Saturday night before reading the story about the big switch in this morning's Post. I have not discussed the views in this note with anybody.

[redacted]

UNCLASSIFIED C 4920

3 April 1986

MEMORANDUM FOR: Chief, Central America Task Force, DO

FROM: Director of Central Intelligence

SUBJECT: Sandinista Military Actions and Intentions

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3. Also attached hereto is a draft of the piece prepared for tomorrow morning's National Intelligence Daily.

4558

William J. Casey

Copy 10 of 10

Attachments:
1. [redacted]
2. Draft NID article

Executive Registry
38,001

CL BY [redacted]
RVW OADR

CIIN 1907

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HANDLE VIA COMINT CHANNELS

CHAPTER 25. POWERS OF CONGRESS AND THE PRESIDENT IN THE FIELD OF FOREIGN POLICY

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 26. THE BOLAND AMENDMENTS AND THE NSC STAFF

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26 PN # 15

U.S. Departm of J
Office of Legal Coun 7905

26-15

Office of the
Assistant Attorney General

Washington, D.C. 20530

APR 27 1984

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Application of the Independent Counsel Provisions of the Ethics in Government Act to Alleged Violations of the Boland Amendment and the Antideficiency Act

This memorandum presents the views of the Office of Legal Counsel with respect to certain issues raised by a request from thirteen Members of Congress that the Attorney General seek the appointment of an independent counsel pursuant to the Ethics in Government Act, 28 U.S.C. § 591 et seq., particularly § 595(e). The general responsibilities imposed by the Ethics in Government Act in response to such a request are discussed in our memorandum to you of April 13, 1984. This memorandum concerns those general responsibilities as applied to whether the information received alleges a crime under the Antideficiency Act, 31 U.S.C. § 1341(a)(1) and § 1350.

For the reasons set out in detail in the balance of this memorandum, we conclude that the allegations communicated to you pursuant to § 595(e) could not reasonably be construed as a federal crime under the Antideficiency Act and that you therefore are under no legal duty to conduct a preliminary investigation or seek appointment of an independent counsel relative thereto under the Ethics in Government Act.

I

BACKGROUND

By letter of April 9, 1984 (hereinafter the April 9 Letter), a majority (thirteen) of the Democratic Party Members of the Committee on the Judiciary of the House of Representatives requested that you apply for the appointment of an independent counsel to "investigate, and if necessary prosecute, possible violations of the Neutrality Act," by certain officials of the United States, including the President; former Secretary of State Alexander Haig, Jr.; Secretary of State George Shultz; Secretary of Defense Caspar Weinberger; and Central Intelligence Agency (CIA) Director William Casey. The letter described certain "widely reported activities," involving United States' support for paramilitary activities in Central America, which

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were alleged as a basis for a charge of violation of § 5 of the Neutrality Act. That section provides:

> Whoever, within the United States, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined not more than $3,000 or imprisoned not more than three years, or both.

18 U.S.C. § 960. The April 9 Letter closed with the request that "an independent counsel be appointed to determine whether the Neutrality Act has been violated by the government officials named above."

We have considered the applicability of the Neutrality Act to the conduct of United States officials within the authorized scope of their official duties in a separate memorandum to you of April 25, 1984, regarding the "Application of the Neutrality Act to Official Government Activities," and concluded that the Act did not prohibit actions by government officials in the course and scope of carrying out official duties. We will not repeat that discussion here.

The April 9 Letter also contained a statement to the effect that the referenced activities "also appear to be in violation of the Boland Amendment," which was characterized as prohibiting covert aid to paramilitary organizations for the purpose of overthrowing the Government of Nicaragua. 96 Stat. 1830, 1865 (1982). This memorandum will address the comments in the April 9 Letter regarding the Boland Amendment and their impact on your statutory duties under the Ethics in Government Act.

Our April 13 memorandum described generally the effect of a request like the April 9 Letter and your responsibilities under the independent counsel provisions of the Ethics in Government Act in response thereto. We noted that the Act provides that a majority of the majority party or a majority of the nonmajority party members of the Committee on the Judiciary of either House may request in writing that the Attorney General apply for the appointment of an independent counsel. See 28 U.S.C. § 595(e).

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Section 595(e) further requires that the Attorney General send a written response "[n]ot later than thirty days after the receipt of such a request, or not later than fifteen days after the completion of a preliminary investigation of the matter with respect to which the request is made, whichever is later . . . ." The response must notify the committee from whose members the request was received of "any action the Attorney General has taken in response to such request and, if no application [for an independent counsel] has been made to the division of the court, why such application was not made."

From the text of 28 U.S.C. § 595(e), we concluded that it was clear that a request of this nature did not, in and of itself, require an application for appointment of an independent counsel. We concluded that it was similarly clear that a request pursuant to § 595(e) did not require, in and of itself, that the Attorney General conduct a preliminary investigation. Reading the independent counsel provisions as a whole, we concluded that the Attorney General need only conduct a preliminary investigation upon a determination that specific information that he has received concerning a crime by a covered official is "sufficient to constitute grounds to investigate." See 28 U.S.C. § 591(a). We also advised that the Attorney General should seek the appointment of an independent counsel in response to a request under § 595(e) if, after a preliminary investigation, he finds reasonable grounds to believe that further investigation or prosecution is warranted, or if ninety days elapse from the receipt of the information without a determination that there are no reasonable grounds to believe that further investigation or prosecution is warranted. See id. § 592(c)(1).

In conclusion, we stated that the request does not impose a mandatory, nondiscretionary duty on the Attorney General to do anything more than consider any information contained in the request in accordance with the provisions of the Ethics in Government Act and make a report to the appropriate committee. The Attorney General has thirty days from the time of receipt of the request in which to respond, if no preliminary investigation is underway at that time and if none is initiated before the expiration of thirty days. If a preliminary investigation is conducted, the Attorney General's response to the committee is due no later than fifteen days after completion of the preliminary investigation or at the expiration of the thirty day period, whichever is later.

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II

TEXT AND INTERPRETATION OF THE ETHICS IN GOVERNMENT ACT

The entire procedural construct of the independent counsel provisions of the Ethics in Government Act depends on the initial triggering mechanism of receipt by the Attorney General of "information sufficient to constitute grounds to investigate that [a covered official] has committed a violation of any Federal criminal law other than a violation constituting a petty offense." 1/ See 28 U.S.C. § 591(a). In aid of analysis, this triggering mechanism may be broken down into its three component parts: (1) information sufficient to constitute grounds to investigate; (2) a covered official or other person whose investigation may involve an identified conflict of interest; and (3) a criminal offense other than a petty offense.

Of these three component determinations that are required to trigger the Ethics in Government Act, the first two are reasonably well defined in the Act and its legislative history. For example, with regard to the sufficiency of the grounds to investigate, the Act itself identifies two factors. In determining whether "grounds to investigate" exist, the Attorney General shall consider (a) "the degree of specificity of the information;" and (b) "the credibility of the source of the information." See 28 U.S.C. § 592(a)(1)(A)-(B). The legislative history further illuminates the congressional intent of the meaning of "specificity" and "credibility." See S. Rep. No. 496, 97th Cong., 2d Sess. 11-12, 21, reprinted in 1982 U.S. Code Cong. & Ad. News 3537, 3547-48, 3557; S. Rep. No. 170, 95th Cong., 1st Sess. 51, reprinted in 1978 U.S. Code Cong. & Ad. News 4216, 4267. Similarly, the Act itself defines the officials who are specifically covered by the Ethics in Government Act, see 28 U.S.C. § 591(b), and others who may be covered because of particular conflicts of interest. See id. § 591(c).

1/ Pursuant to 18 U.S.C. § 1, criminal offenses are classified as follows:

> (1) Any offense punishable by death or imprisonment for a term exceeding one year is a felony.
> (2) Any other offense is a misdemeanor.
> (3) Any misdemeanor, the penalty for which does not exceed imprisonment for a period of six months or a fine of not more than $500, or both, is a petty offense.

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Neither the Ethics in Government Act itself nor its legislative history specifically expands upon the criminal offense component of the triggering mechanism. Nevertheless, it is clear that the application of the Act depends upon a determination that the information amounts to a specific and credible allegation that a covered official has committed a federal crime other than a petty offense. One district court has recently considered the issue whether the criminal offense component of the triggering mechanism was satisfied, and defined the standard for the determination whether a crime had been alleged. Dellums v. Smith, 577 F. Supp. 1449, 1452 (N.D. Cal. 1983) (Dellums II) (on motion for rehearing), appeal pending, No. 84-1525 (9th Cir.), stay granted, Jan. 25, 1984, involves a challenge to the Attorney General's failure to conduct a preliminary investigation upon receipt of certain allegations of violations of the Neutrality Act by Executive Branch officials. The court stated:

> There may be instances in which the Attorney General can properly decline to conduct a preliminary investigation, even though he has received specific information from a credible source. If such information, however specific and credible, could not reasonably be construed as involving a federal crime, the Attorney General would not be obligated to conduct a preliminary investigation. [2/]

III

THE BOLAND AMENDMENT AND THE ANTIDEFICIENCY ACT

The Boland Amendment was included in the Further Continuing Appropriations Act, 1983, Pub. L. No. 97-377, § 793, 96 Stat. 1830, 1865, as part of the fiscal year 1983 appropriation for the Department of Defense. The Amendment provided that

> [n]one of the funds provided in this Act may be used by the Central Intelligence

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2/ The court further stated that "if the information may reasonably be construed as involving a federal crime, the Attorney General may not refuse to investigate merely because his opinion is to the contrary." Dellums II, supra, 577 F. Supp. at 1452. Although we do not agree that this is a correct interpretation of the independent counsel provisions, the analysis which we present in the text of this memorandum with regard to the particular allegations in the April 9 Letter is not inconsistent with the court's interpretation.

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Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras.

The language of the Boland Amendment is apparently identical to language previously included in a classified annex that accompanied the Intelligence Authorization Act for fiscal year 1983, Pub. L. No. 97-169. See 128 Cong. Rec. H9156 (daily ed. Dec. 8, 1982) (remarks of Rep. Boland). 3/ The background of that restriction is discussed briefly in a report prepared in May 1983, when the House Permanent Select Subcommittee on Intelligence considered an amendment to that bill:

> In April, 1982, following several such briefings [on covert activities in Nicaragua], the Committee considered the fiscal year 1983 intelligence authorization budget bill. At a mark-up of the bill on April 5, 1983 [sic], the Committee considered, but rejected, motions to strike all funds for the program. Instead, the Committee adopted language in the classified annex to the report accompanying the bill that limited the uses to which funds authorized for the program could be applied. The program was to be directed only at the interdiction of arms to the insurgents in El Salvador. Funds in the program were not to be used to overthrow the government of Nicaragua or provoke a military exchange between Nicaragua and Honduras. The committee insisted upon these restrictions in conference with the Senate on the authorization bill and they were retained, with modifications. Responsible executive branch officials were knowledgeable of, and participated in, these

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3/ We have not reviewed that classified annex or other classified legislative history relevant to the Boland Amendment. Because much of the background of the Amendment is on the public record, as well as considerable subsequent legislative history and debate, we did not feel it necessary to review that material for purposes of our analysis here. We would, of course, be willing to do so if you wish.

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revisions. The conference report on the fiscal year 1983 intelligence authorization bill was filed and approved by both Houses in August 1982.

H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 8 (1983).

During floor consideration of the Further Continuing Appropriations resolution, both the House and Senate considered and rejected several alternative restrictions on covert activities in Nicaragua that would have swept considerably more broadly than the restriction contained in the Boland Amendment as adopted. Two of these alternatives could have had the effect of prohibiting altogether the use of appropriated funds for support of paramilitary activities in Nicaragua. 4/ Another, commonly referred to as the "Harkin Amendment," 5/ would have prohibited the use of appropriated funds by the Department of Defense or the CIA "to furnish military equipment, military training or advice, or other support for military activities, to any groups or individual, not part of a country's armed forces, which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict between Nicaragua and Honduras." 128 Cong. Rec. H9148 (daily ed. Dec. 8, 1982). This amendment would have had the effect of prohibiting the use of funds to support paramilitary groups in Central America, if those groups intended to overthrow the Government of Nicaragua or to provoke hostilities between Nicaragua and Honduras. See 129 Cong. Rec. S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop).

4/ In the House, Representative Harkin introduced an amendment that would have prohibited the supplying of funds to paramilitary groups and individuals "for the purpose of assisting that group or individual in carrying out military activities in or against Nicaragua." 128 Cong. Rec. H9149 (daily ed. Dec. 8, 1982). That amendment was not adopted. The Senate similarly rejected an amendment proposed by Senator Dodd, which would have provided that "[n]o funds should be obligated or expended, directly or indirectly, after January 20, 1983, in support of irregular military forces or paramilitary groups operating in Central America." 128 Cong. Rec. S15350, S15365 (daily ed. Dec. 18, 1982).

5/ This amendment was actually a substitute offered by Congressman Harkin for the broader restriction that he initially offered (see n.4 supra). It was proposed immediately after Congressman Boland introduced the language eventually adopted as an amendment to the bill. 128 Cong. Rec. H9159 (daily ed. Dec. 8, 1982).

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The House rejected the Harkin Amendment and adopted language proposed by Congressman Boland (which is identical to the enacted language), with little substantive discussion. 128 Cong. Rec. H9159 (daily ed. Dec. 8, 1982). 6/

The April 9 Letter asserts that certain "widely reported activities . . . appear to be in violation of the Boland Amendment." The principal activity cited in the letter is that, "acting with the approval, advice, training and funds provided by the United States officials, and in concert with these officials, Nicaraguan exiles have attacked Nicaragua with the aim of overthrowing the Nicaraguan Government." 7/

The somewhat oblique reference to the Boland Amendment in the April 9 Letter raises a number of questions. First, it is not clear whether the comment regarding the Boland Amendment was intended to allege the commission of a separate crime or simply to reinforce in some unspecified way the allegation that

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6/ No substantive discussion of the intent or scope of the Boland Amendment appears in the Conference Report on the Further Continuing Appropriations resolution, H. Conf. Rep. No. 980, 97th Cong., 2d Sess. (1982), or in the House and Senate debates on adoption of the Conference Report, 128 Cong. Rec. S10391-448, H15675-706 (daily ed. Dec. 20, 1982).

7/ Similar allegations have been made by some other Members of Congress, including Representative Boland, the sponsor of the Amendment. See, e.g., 129 Cong. Rec. H5724-25 (daily ed. July 27, 1983) (remarks of Rep. Hamilton); id. at H5739 (remarks of Rep. Barnes); id. at H5746 (remarks of Rep. Leach); id. at H5748-49 (remarks of Rep. Boland); id. at S15287 (daily ed. Nov. 3, 1983) (remarks of Sen. Leahy). These allegations have been based either on alleged support by the CIA, during fiscal year 1983, for groups whose avowed intent is to overthrow the Government of Nicaragua, or on the alleged failure of United States support to achieve any effective interdiction of arms. Other Members of Congress have asserted that no violation of the Boland Amendment has occurred. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 25-26 (1983) (Statement of Minority Views); 129 Cong. Rec. H5730 (daily ed. July 27, 1983) (remarks of Rep. Broomfield); id. at H5748 (remarks of Rep. Young); id. at H5752 (remarks of Rep. Hyde); id. at S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). The April 9 Letter itself does not allege that there was a violation of the Boland Amendment, but merely that the described activities "appear to be in violation of the Boland Amendment."

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the Neutrality Act has been violated. Perhaps the authors of the letter hold the view that a violation of the Boland Amendment would, ipso facto, be a violation of the Neutrality Act. If this is the correct interpretation of the letter, as we have concluded in our April 25 memorandum, the allegations would not trigger the obligation to investigate or seek appointment of an independent counsel under the provisions of the Ethics in Government Act.

Even construing the April 9 Letter as suggesting that a "violation" of the Boland Amendment constitutes a separate offense, a problem arises because the independent counsel provisions of the Ethics in Government Act apply only to violations of the federal criminal law (other than petty offenses), and the Boland Amendment is not a federal criminal provision. It is merely an appropriations limitation. To proceed further with the inquiry notwithstanding the ambiguities in the letter requires a construction of the statement with regard to the Boland Amendment that expenditures in violation of that Amendment could have violated some federal criminal statute. The Members of Congress signing the letter point to no criminal statute other than the Neutrality Act, so we have conducted an independent analysis of the issue.

We have specifically considered whether a violation of the Boland Amendment could violate the criminal provisions of the Antideficiency Act, 8/ now codified at 31 U.S.C. § 1341(a) and

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8/ The only other criminal provision of which we are aware that arguably might apply is 18 U.S.C. § 1916, which imposes a fine of not more than $1,000 or imprisonment for not more than one year for violation of the provision of 5 U.S.C. § 3103 that an individual may be employed in the civil service in an Executive department at the seat of government only for services actually rendered in connection with and for the purposes of the appropriation from which he is paid. The sweep of this provision is unclear, and we think it unlikely that any of the activities alleged in the April 9 Letter would fall within its terms, particularly in light of the "seat of government" language used in the statute. See generally 26 Op. A.G. 522 (1908). The Criminal Division has concluded that this section would not be applicable, and has informed us that to their knowledge no prosecution has ever been attempted under it. In any event, to the extent that the section might conceivably, on some set of facts, be applicable to a violation of the Boland Amendment, we believe that our analysis of the possible applicability of the Antideficiency Act, which is a much more sweeping statute, is equally relevant to 18 U.S.C. § 1916.

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§ 1350. Section 1341(a) provides:

> An officer or employee of the United States Government . . . may not --
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> (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; or
>
> (B) involve [the] government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law.

Section 1350 provides that a violation of § 1341(a) is punishable by a fine of not more than $5,000, imprisonment for not more that two years, or both. 9/ By reference to 28 U.S.C. § 591(a) and 18 U.S.C. § 1, a violation of § 1350 by a covered person would generally be an offense of sufficient gravity to fall within the coverage of the independent counsel provisions of the Ethics in Government Act.

We conclude, however, that the information referred to in the April 9 Letter as constituting an "apparent" violation of the Boland Amendment "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. See Dellums II, supra, 577 F. Supp. at 1452. We reach this conclusion based on well-settled principles of statutory construction and constitutional law. We believe that serious constitutional questions, as well as difficult questions of justiciability, would be raised if the criminal provisions of the Antideficiency Act were applied to the appropriations restriction included in the Boland Amendment.

As we outline below, the Boland Amendment does not purport to limit the particular activities or programs that may be funded, but rather purports to restrict the availability of funds for those activities or programs based on whether responsible Executive Branch officials had a particular purpose in authorizing those activities and programs. In this context, one that fundamentally implicates the President's conduct of the foreign policy of our Nation, we believe that

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9/ Appropriate administrative discipline, including, when warranted, suspension from duty without pay or removal from office, is provided in 31 U.S.C. § 1349.

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the criminal provisions of the Antideficiency Act cannot be construed to apply to the Boland Amendment. Because of the peculiarities of this issue and the unusual factual context in which it arises, we feel it appropriate to advise caution in the application of the general legal principles expressed here in other factual circumstances without similarly careful analysis.

We do not read the Boland Amendment to prohibit expenditures on all or particular covert military or paramilitary activities funded by the CIA relative to Nicaragua. The public record shows that covert activities regarding Nicaragua were authorized by Congress, and that funds were appropriated for those activities for fiscal year 1983, following Administration briefings of the House and Senate Intelligence Committees pursuant to 22 U.S.C. § 2422 and 50 U.S.C. § 413. See, e.g., H. Rep. 122, Pt. 1, 98th Cong., 1st Sess. 5-8 (1983); 128 Cong. Rec. S15361 (daily ed. Dec. 18, 1982) (remarks of Sen. Moynihan); 129 Cong. Rec. S15289 (daily ed. Nov. 3, 1983) (remarks of Sen. Goldwater); id. at H5748 (daily ed. July 27, 1983) (remarks of Rep. Boland). In fact, as we have noted, both the House and Senate, in public deliberations on the 1983 Further Continuing Appropriations bill, rejected more sweeping provisions restricting the funding of the CIA covert activities that could possibly have had the effect of prohibiting all covert activities. See supra at p. 7 & n.4. As Representative Robinson noted in 1983, during debates on a proposed amendment to the 1983 Intelligence Authorization Act:

> Let me be clear on this point -- at the time the proposed covert action was presented to the committee, everyone was well aware that this project included covert operations in Nicaragua. I bring this up because at that time the standard which was discussed with regard to covert action was that we would not be involved in any operation to overthrow the Government of Nicaragua. The administration was -- and is -- in agreement with such a provision.
>
> The language, ultimately termed the Boland amendment, provided for covert action of the type which the administration supports. The House voted down a legislative amendment which would have denied funds for the purpose of carrying out a covert activity and denied funds to groups and individuals known to have

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> the intent of overthrowing the Nicaraguan Government.
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> The House, however, adopted the Boland amendment by a vote of 411 to 0. In so doing, the House approved the concept embodied in the Boland amendment that a covert paramilitary operation in Nicaragua was acceptable.

129 Cong. Rec. H5722 (daily ed. July 27, 1983).

What the Boland Amendment purports to restrict is support of covert activities "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." As we read the Amendment, those same activities could properly be funded, so long as they are conducted "for the purpose of" interdicting arms flowing to El Salvador or other countries in Central America. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 5-8 (1983). Thus, we read the Amendment not to prohibit funding of particular activities, but to prohibit funding of those activities if that funding is intended to accomplish the overthrow of the Government of Nicaragua or to provoke hostilities between Nicaragua and Honduras.

Further, the legislative history of the Boland Amendment makes clear that the proscribed intent is not the intent of the groups or the individuals being supported by the appropriated funds. That is, the Boland Amendment cannot be read to prohibit the use of funds to support particular individuals or groups merely because it is known that those individuals or groups would like to overthrow the Government of Nicaragua. As noted above, the House rejected the Harkin Amendment, which would have had precisely that effect. Several Members of Congress have pointed out subsequently that the rejection of the Harkin Amendment is persuasive evidence that the reach of the Boland Amendment, as adopted by both the House and the Senate, is limited. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. at 25-26 (1983) (Statement of Minority Views); 129 Cong. Rec. S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). Thus, what the Boland Amendment purports to prohibit is not the support of groups whose avowed purpose is to overthrow the government, but rather the otherwise authorized expenditure of appropriated funds on covert activity if the Executive Branch officials who approved or directed the expenditure intended those activities to have the effect of overthrowing the Government of Nicaragua or provoking hostilities between Nicaragua and Honduras.

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In light of the scope of the Boland Amendment, we must consider whether allegations of a violation of that Amendment could, if true, reasonably be construed as constituting a crime under the Antideficiency Act. We believe that such facts, even if they existed, could not reasonably be construed to constitute a crime, principally because application of the criminal provisions of the Antideficiency Act in this context would raise exceedingly serious constitutional questions of separation of powers. It is well settled that statutes must be construed to avoid constitutional issues. See, e.g., International Association of Machinists v. Street, 367 U.S. 740 (1961). Criminal statutes, in addition, must be narrowly construed. See, e.g., United States v. Fruit Growers Express Co., 279 U.S. 363, 369 (1929); 3 C. Sands, Sutherland Statutory Construction, § 59.03 (4th ed. 1974).

One such separation of powers issue is whether questions about the intended scope and alleged violation of the Boland Amendment are "political questions" which under Article III of the Constitution cannot be adjudicated by the courts, particularly in the context of a criminal prosecution of Executive Branch officials. The political question doctrine has at its core the preservation of the separation of powers of the three Branches of government. See Baker v. Carr, 369 U.S. 186, 217 (1962). The classic formulation of the doctrine derives from Justice Brennan's opinion for the Court in Baker:

> Prominent on the surface of any case held to involve a political question is found a textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and manageable standards for resolving it; or the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

Id. A number of the factors listed in Baker v. Carr require the conclusion that the determination of whether the "purpose"

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of the activities undertaken in Nicaragua was proper or improper under the Boland Amendment is a nonjusticiable question. These factors are disjunctive and, in cases prior to Baker, were held to be sufficient individually as the basis for the Court's determination that a political question was involved.

In this situation, for example, there is with regard to foreign policy "a textually demonstrable constitutional commitment of the issue to a coordinate political department." The issue of the President's intent in pursuing authorized activities in Central America, fully funded by congressional appropriations, involves, essentially, a determination of the President's foreign policy objectives with regard to that country. The President "is the sole organ of the nation in its external relations and its sole representative with foreign nations" in pursuit of those goals. See United States v. Curtiss-Wright Corp., 299 U.S. 304, 319 (1936). To attempt to discern the President's state of mind, or the state of mind of subordinate Executive Branch officials, and to impose the threat of criminal penalties based on allegedly impermissible foreign policy objectives in carrying out the particular actions that have been authorized and funded by Congress, infringes on the constitutional responsibilities and powers of the President. Cf. Goldwater v. Carter, 444 U.S. 996, 1003 (1979) (Rehnquist, J., concurring) (issue is "political" and nonjusticiable if it "involves the authority of the President in the conduct of our country's foreign relations and the extent to which the . . . Congress is authorized to negate the action of the President"). To the extent that this question involves a mixed issue for Executive Branch foreign policy determination and Legislative Branch appropriation powers, involvement of the judiciary would not be appropriate. As the Supreme Court noted in Oetjen v. Central Leather Co., 246 U.S. 297, 302 (1918) (per Clarke, J.):

> The conduct of the foreign relations of our Government is committed by the Constitution to the Executive and Legislative -- the "political" -- Departments of the Government, and the propriety of what may be done in the exercise of this political power is not subject to judicial inquiry or decision.

Baker requires a finding of nonjusticiability because of other factors as well. Neither the language of the Boland Amendment nor its legislative history contain any clear statement of precisely what conduct is intended to be proscribed.

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In fact, subsequent congressional discussions with respect to the Administration's compliance with the Amendment reflect a wide variety of diverse, often conflicting, and post hoc views as to the intended scope of the prohibition and the facts that might indicate a violation of the restriction. Compare H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 11 (1983), with id. at 25-26 (Statement of Minority Views). See also 129 Cong. Rec. H5724-25 (daily ed. July 27, 1983) (remarks by Rep. Hamilton); id. at H5748-49 (remarks of Rep. Boland); id. at H5752 (remarks of Rep. Hyde); id. at S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). We cannot discern -- and we are confident that the courts could not discern -- any specific, manageable standard by which to adjudicate the scope of the Boland Amendment and the applicability of criminal sanctions under the Antideficiency Act. See Crockett v. Reagan, 558 F. Supp. 893, 898 (D.D.C. 1982), aff'd per curiam, 720 F.2d 1355 (D.C. Cir. 1983). 10/

The difficulties become readily apparent by speculating on what actions might conceivably violate the Boland Amendment. For example, what if it could be established (assuming that there were no practical or constitutional problems of proof), that the President's "purpose" in directing covert activities was to interdict arms, but that some subordinate Executive Branch official intended in addition (or instead) to try to accomplish the overthrow of the Government of Nicaragua, despite official Administration policy. Would that official be criminally liable under the Antideficiency Act for violating the Boland Amendment? To take another example, if the "purpose," however determined, of certain actions was both to interdict arms and to overthrow the Government of Nicaragua, would those actions violate the Boland Amendment? What if the "purpose" of a

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10/ Crockett involved allegations by 29 members of Congress directed against the President and other Executive Branch officials that the supply of military equipment and aid to the Government of El Salvador violated the War Powers Resolution 50 U.S.C. § 1541-48, and the Foreign Assistance Act, 22 U.S.C. § 2304. The court dismissed the claim under the War Powers Resolution as nonjusticiable because of the lack of judicially discoverable and manageable standards, and the claim under the Foreign Assistance Act because of the court's equitable discretion in cases involving congressional plaintiffs.

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particular activity was to interdict arms during one period, was changed to a "purpose" of overthrowing the government during another because of a change of circumstances, and then reverted to the original "purpose"? Would the activity be a crime during the second period but not the first and third?

This patent lack of judicially discoverable and manageable standards for interpreting and applying the Boland Amendment is particularly troublesome because the restriction strikes directly at the President's constitutionally assigned, discretionary responsibility to set foreign policy objectives. See generally DaCosta v. Laird, 471 F.2d 1146, 1156 (2d Cir. 1973) (question whether Executive Branch officials may implement President's directive ordering mining of ports and harbors of North Vietnam and continuation of air and naval strikes against military targets located in North Vietnam is nonjusticiable political question, inter alia, because of lack of judicially discoverable and manageable standards); Holtzman v. Schlesinger, 484 F.2d 1307, 1313 (2d Cir. 1973), cert. denied, 416 U.S. 936 (1974). Clearly, the determination of foreign policy objectives is the type of "initial policy determination" that is not susceptible to resolution by the courts under the Baker formulation.

In addition, we do not see how a court could attempt to adjudicate the issue of compliance with the Boland Amendment and the Antideficiency Act without intruding deeply into the foreign policy decisionmaking processes of Executive Branch officials, including the President. Again, the probable scenarios present extremely troublesome and intrusive possibilities, such as an attempt to compel personal testimony by the President or other high-ranking Administration officials as to their intent in setting certain foreign policy goals, attempts to discover internal deliberative and undoubtedly highly classified foreign policy documents of the Executive Branch, and possible judicial assessment of the credibility and advisability of those statements and documents -- all in the context of a criminal prosecution based on allegations of noncompliance with a vague, constitutionally suspect, appropriations rider. We believe it unquestionable that this prospect embodies the potential for "lack of respect due coordinate branches of government" identified in Baker.

Finally, the difficulties of proof, given the indeterminateness of the restriction and its object, make the issue particularly inappropriate for judicial review and resolution. How would a court determine that the "purpose" the President or other Executive Branch officials may have had in mind when

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they approved certain expenditures was to overthrow the Government of Nicaragua rather than to interdict arms? Although written in a different (but nonetheless analagous) context, we think Judge Kaufman's comments in DaCosta v. Laird, supra, 471 F.2d at 1155, are compelling:

> Judges, deficient in military knowledge, lacking vital information upon which to assess the nature of battlefield decisions, and sitting thousands of miles from the field of action, cannot reasonably or appropriately determine whether a specific military operation constitutes an "escalation" of the war or is merely a new tactical approach within a continuing strategic plan. What if, for example, the war "de-escalates" so that it is waged as it was prior to the mining of North Vietnam's harbors, and then "escalates" again? Are the courts required to oversee the conduct of the war on a daily basis, away from the scene of action? In this instance, it was the President's view that the mining of North Vietnam's harbors was necessary to preserve the lives of American soldiers in South Vietnam, and to bring the war to a close. History will tell whether or not that assessment was correct, but without the benefit of such extended hindsight we are powerless to know.

Based on these Baker factors, we are convinced that any attempt to enforce the Boland Amendment through a criminal prosecution under the Antideficiency Act would present a nonjusticiable political question.

Our conclusion that the issue is nonjusticiable does not deny Congress its legitimate role in the appropriations process. The Constitution grants Congress control over the purse. U.S. Const. Art. 1, § 9, cl. 6. But the limitation imposed by the Boland Amendment, while perhaps phrased in a certain manner for political purposes, is not stated in terms of an absolute, discernible spending prohibition. It is stated in general terms of the President's foreign policy objectives and purposes that are highly subjective and may be difficult to ascertain, particularly after the fact, on pain of criminal liability. Congress's role in the foreign policy process is most effective and enforceable when it expresses its objectives by identifying specific activities, within constitutional limits, and determines whether to fund or not to fund those activities.

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The issue here is also not strictly one of apportionment of political power that might require resolution by a court either because it involves procedural "ground rules" by which the power of the political Branches is allocated and exercised, cf. INS v. Chadha, 103 S. Ct. 2764, 2779-80 (1983); Wright v. United States, 302 U.S. 583 (1938); The Pocket Veto Case, 279 U.S. 655 (1929), or because it might involve a clear impingement by one Branch on the powers and prerogatives of another, cf. Buckley v. Valeo, 424 U.S. 1 (1976); United States v. Nixon, 418 U.S. 683 (1974); Myers v. United States, 272 U.S. 52 (1926). Rather, this involves a case of disagreement between the President and some Members of Congress over the foreign policy purpose that the President may or should have had in mind when he approved the expenditure of funds that had already been appropriated by Congress, that were adequate in amount for the activities for which they were to be spent, and that were authorized by Congress to be spent. The Supreme Court has often emphasized that the judiciary cannot resolve this sort of political dispute:

> Such decisions are wholly confided by our Constitution to the political departments of the government, Executive and Legislative. They are delicate, complex, and involve large elements of prophecy. They are and should be undertaken only by those directly responsible to the people whose welfare they advance or imperil. They are decisions of a kind for which the Judiciary has neither aptitude, facilities nor responsibility and which has long been held to belong in the domain of political power not subject to judicial intrusion or inquiry.

Chicago & Southern Air Lines v. Waterman Corp., 333 U.S. 103, 111 (1948) (citations omitted). See also Oetjen v. Central Leather Co., 246 U.S. 297, 302 (1918). Because a judicial inquiry into the President's foreign policy objectives respecting certain specified actions would be a highly questionable venture under the Constitution, we are confident that the courts would perceive the matter to be beyond their Article III powers.

Nor is this a case in which Congress lacks sufficient means of enforcing its own prerogatives and therefore needs the courts or the awkward and ill-suited criminal justice system

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to maintain its side in the balance of power over how money shall be appropriated and spent. Congress could have imposed a spending limitation in terms of an absolute dollar amount, as it subsequently did in fiscal year 1984, if it had been the judgment of Congress that the Boland Amendment had failed to accomplish a particular political result. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. at 5-8 (1983); 129 Cong. Rec. H5749 (daily ed. July 27, 1983) (remarks of Rep. Boland); id. at H8393 (daily ed. Oct. 20, 1983) (remarks of Rep. Zablocki). Congress could have imposed a limitation in terms of the specific activities or some other easily identifiable, and verifiable, basis, assuming that such limitation did not impermissibly intrude on the President's inherent constitutional powers. See generally DaCosta v. Laird, supra, 471 F.2d at 1157 ("[W]e must recognize that those two coordinate branches of government -- the Executive by military action and the Congress, by not cutting off the appropriations that are the wherewithal for such actions -- have taken a position that is not within our power, even if it were our wish, to alter by judicial decree.").

Congressman Berueter's comments during the House debates on the 1984 Intelligence Authorization Act, reflecting on the history of the Boland Amendment, are instructive:

> I would begin by saying that I believe it was a mistake for the House to accept the leadership of this same House Select Committee on Intelligence on December 8 of 1982 when we approved the Boland amendment which continued to sanction limited covert assistance to Nicaraguan insurgent forces . . . . It was not appropriate for the relevant Intelligence Subcommittee to set limitations on such covert aid that clearly could not be met and then in 1983 to turn around on a straight partisan vote by the Intelligence Committee to end the covert aid that it had earlier, unrealistically, endorsed . . . . If Intelligence Committee leaders really wanted to recommend an end to all aid, they could have done so by simply suggesting that we approve the Harkins [sic] amendment, for which Mr. Boland offered his substitute on the 8th of December 1982.

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> It is, therefore, unfortunately looking more and more like the debate and the vote of July 28, 1983, and the debate today is set up for partisan reasons.

129 Cong. Rec. H8400-01 (daily ed. Oct. 20, 1983).

Some of the alternatives available to Congress as an institution in the appropriations process may involve more difficult political decisions than those required by prohibiting Executive Branch activities with the "wrong" motive while authorizing those same activities if approved with a more acceptable motive. Nevertheless, if Congress intends to make criminal the act of violating legislative intent, we expect that the courts will require it to make those more difficult judgments for which its Members might be held accountable to their constituents. This course would require developing more precise, ascertainable and justiciable standards by which to measure the criminal behavior.

The Boland Amendment is a particularly inappropriate basis for a criminal prosecution because the standard that the Amendment purports to establish is itself extraordinarily vague and difficult to apply. See discussion supra at 15. A criminal statute must give sufficient notice to those who will be held accountable of which actions are prohibited and which are not. This principle has important constitutional underpinnings based on both the Due Process Clause and the Ex Post Facto Clause. 11/ A statute is void for vagueness if it "fails to give a person of ordinary intelligence fair warning that his contemplated conduct is forbidden by the statute." See Papachristou v. City of Jacksonville, 405 U.S. 156, 162 (1972), and cases cited therein. An important component of "appropriate definiteness" is "ascertainable standards of guilt." See Winters v. New York, 333 U.S. 507, 515 (1948). This requirement takes on special importance with regard to the Boland Amendment because of the highly comparable qualities which must be evaluated in determining what is a political question. See Baker v. Carr, supra, 369 U.S. at 217 (1962) ("lack of judicially discoverable and manageable standards for resolving" a political question), discussed supra at 14-16. Similarly, a statute is unconstitutionally vague if "it leaves judges and jurors free to decide, without any

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11/ Implicit in the Ex Post Facto doctrine is the principle that it is unfair to apply a law to the defendant retroactively because he will have had no fair warning of the consequences of his conduct.

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legally fixed standards, what is prohibited and what is not in each particular case." See Giaccio v. Pennsylvania, 382 U.S. 399, 403 (1966) (jury to determine whether defendant shall pay costs); see also United States v. Cohen Grocery Co., 255 U.S. 81 (1921) ("unjust or unreasonable rate or charge").

The usual context in which the Antideficiency Act has been applied has been limited to an insufficient appropriation for the agency to carry out its authorized responsibilities, see ___ Op. A.G. ___ (April 25, 1980) (determining that the FTC must close down upon exhausting its appropriations), or the absence of any appropriations for the agency, see ___ Op. A.G. ___ (Jan. 16, 1981) (with limited exceptions, the government must cease operations upon a lapse of appropriations). These two situations correspond roughly to the structure of 31 U.S.C. § 1341(a)(1) itself, which refers to contracts for the payment of money before an appropriation is made and to expenditures or obligations in excess of the amount of available appropriations. Here, however, there is both an authorization of certain activities (covert operations in Nicaragua) and an appropriation for those activities. The very same activity is lawful or not depending solely upon the intent for which it is undertaken. In our view, this intent cannot be determined in the context of a general appropriations restriction whose criminal penalties depend upon proof of a knowing and willful expenditure or obligation of funds in excess of or in advance of the available appropriation. The scope of the prohibition is itself unclear, and the criminal provisions of the Antideficiency Act have never been thought to be applicable to an appropriation that depends on the intent with which otherwise authorized and funded actions are taken.

Because of the inherently political character of the dispute; the vagueness of the limitation, which turns on the intent of the person who authorized the activity that resulted in an expenditure or obligation; and the absence of any standards cognizable by a judge or jury, we conclude that the criminal provisions of the Antideficiency Act would not apply in these circumstances and that a contrary construction would not be reasonable. We therefore conclude that on the basis of the allegations made, a violation of the Boland Amendment "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. Cf. Dellums II, supra, 577 F. Supp. at 1452.

The constitutional concerns we have discussed in this memorandum are heightened in the particular circumstances of a case that implicates the independent counsel provisions

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of the Ethics in Government Act. That Act manifestly intrudes on the powers of the Executive Branch because it divests the President of the exclusively executive function to prosecute crimes and to appoint and remove officials responsible for the faithful execution of the laws. See Myers v. United States, 272 U.S. 52 (1926). The serious constitutional questions that arise under these provisions have been previously noted. 12/ If the Act were triggered here, it would not be difficult to imagine a wide variety of situations in which some members of Congress could require an investigation, and perhaps the appointment of an independent counsel, on the basis of a host of alleged infractions of "congressional intent." We do not believe that Congress intended such an unworkable result under either the independent counsel provisions or the Antideficiency Act.

For these reasons, we believe that the allegations contained in the April 9 Letter "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. The Attorney General's responsibilities in responding to the letter with regard to the information relating to the Boland Amendment would be satisfied by a response that no crime has been alleged that requires the initiation of a preliminary inquiry.

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

12/ See Letter to Michael Davidson, Senate Legal Counsel, from Attorney General Smith, presenting the position of the Department on the constitutionality of the Special Prosecutor Act (April 9, 1981); Memorandum for the Attorney General from Acting Assistant Attorney General Simms, Office of Legal Counsel, re: Special Prosecutor Act (April 1, 1981).

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

April 6, 1983

FOR: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

FROM: ROBERT F. TURNER
COUNSEL

SUBJECT: Preliminary Analysis of Legal Objections to Certain Alleged CIA Covert Activities in Central America

As you know, several Members of Congress and newspaper editorial writers have recently alleged that the Central Intelligence Agency may be involved in covert activities in Central America in violation of various provisions of domestic or international law. Specifically, it has been alleged that such activities may violate "the Neutrality Act," the 1973 War Powers Resolution, the requirements of the National Security Act and the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961 that Congress be kept "fully and currently informed" about such activities, and the 1982 Boland Amendment prohibiting the use of funds "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." It has also been charged that these alleged CIA activities violate various provisions of international law, such as article 2(4) of the United Nations Charter and article 18 of the Charter of the Organization of American States.

This memorandum provides a preliminary review of the legal issues raised in these charges. It does not address the facts of any specific CIA activity, nor does it address the wisdom of policy decisions behind any such activity. It's purpose is to assist the Board in determining whether the charges have sufficient merit as a matter of law to warrant an in-depth investigation into the facts of the specific alleged activities or a report to the President.

Part I--ALLEGED VIOLATIONS OF UNITED STATES LAWS

This section will consider allegations that certain CIA activities are in violation of "the Neutrality Act," the War Powers Resolution, the Hughes-Ryan Amendment, and the Boland Amendment. It will then look briefly at the broader question of the legal basis for covert action in general.

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The Neutrality Act

In a December 8, 1982, editorial concerning an alleged CIA "secret war against Nicaragua," the New York Times wrote:

> These are, to begin with, illegal activities. The Neutrality Act expressly forbids the raising of secret armies to unseat a regime that the United States recognizes as lawful [sic].

Less than a month later, in an editorial entitled "Quit the Bay of Piglets," the Times again editorialized: "Any secret commitment of American forces to attacks in or against Nicaragua would violate both the Neutrality Act and the War Powers Act."[1] These allegations have been echoed by Members of Congress.[2]

The threshold question is this: Does the "Neutrality Act" constrain activities of the Central Intelligence Agency approved by the President? If not, it becomes unnecessary to address the specifics of the alleged activities said to violate the act. In order to establish the legislative intent, it is important to distinguish between various "neutrality" acts. While it is generally recognized that a major purpose behind the enactment in the mid-1930's of several neutrality acts was to restrain the President from involving the country in a European war,[3] the New York Times was referring to a much earlier "neutrality act," enacted under different conditions and for different purposes.

Having reviewed the various "neutrality acts" and other laws concerning foreign relations, I have identified two provisions which might on their face arguably constrain CIA activities in Central America. The Times almost certainly had in mind 18 U.S.C. §960, which provides:

> §960. Expedition against friendly nation
>
> Whoever, within the United States, knowingly begins or prepares a means for or furnishes the money for, or takes parts in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state or of any colony, district, or people with whom the United States is at peace shall be fined not more than $3,000 or imprisoned not more than three years, or both.

1. New York Times, Jan. 5, 1983.
2. See, e.g., 128 Cong. Rec. H9148 (daily ed., Dec. 8, 1982) (Rep. Harkin).
3. See, e.g., Reveley, "Constitutional Aspects of United States Participation in Foreign Internal Conflicts," in Law and Civil War in the Modern World 174 (J. Moore ed. 1974).

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In addition, again also depending upon the specific facts of a given situation, it could be argued that Agency covert activities might violate 18 U.S.C. §956:

> §956. Conspiracy to injure property of foreign governments
>
> (a) If two or more persons within the jurisdiction of the United States conspire to injure or destroy specific property situated within a foreign country and belonging to a foreign government or to any political subdivision thereof with which the United States is at peace, or any railroad, canal, bridge, or other public utility so situated, and if one or more such persons commits an act within the jurisdiction of the United States to effect the object of the conspiracy, each of the parties to the conspiracy shall be fined not more than $5,000 or imprisoned not more than three years, or both.
>
> (b) Any indictment or information under this section shall describe the specific property which it was the object of the conspiracy to injure or destroy.

The first of these provisions (18 U.S.C. §960) is derived from the Neutrality Act of 1794, while the second was first enacted in 1917. It is helpful to review both acts to ascertain whether these provisions were intended to constrain activities carried out by a government agency with the approval of the President.

The Neutrality Act of 1794

Professor Charles G. Fenwick, in his 1913 study, The Neutrality Laws of the United States, provides this background to the enactment of the first neutrality act in 1794:

> [T]hroughout the summer of 1793 rumors were constantly being received that armies were being organized in the South and West by the agents of [French Ambassador] Genet. One army was preparing, it was said, to lay siege to New Orleans, then in the possession of Spain, while another was planning to march across Georgia and invade the Floridas. Governor Shelby, of Kentucky, refused to prosecute the alleged offenders, and replied to Jefferson that all citizens had a right to leave the state, and that there was nothing to prevent them from taking arms and ammunition with them.[4]

4. C. Fenwick, The Neutrality Laws of the United States 24 (1913).

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Concerned by these reports, President Washington said in his fifth annual report to the Congress in December 1793:

> As soon as the war in Europe had embraced those powers with whom the United States have the most extensive relations there was reason to apprehend that our intercourse with them might be interrupted and our disposition for peace drawn into question by the suspicions too often entertained by belligerent nations. It seemed, therefore, to be my duty to admonish our citizens of the consequences of a contraband trade and of hostile acts to any of the parties and to obtain by a declaration of the existing legal state of things an easier admission of our right to the immunities belonging to our situation. Under these impressions the proclamation which will be laid before you was issued. . . .
>
> Where individuals shall, within the United States, array themselves in hostility against any of the powers at war, or enter upon military expeditions or enterprises within the jurisdiction of the United States, or usurp and exercise judicial authority within the United States, or where the penalties on violations of the law of nations may have been indistinctly marked, or are inadequate--these offenses can not receive too early and close an attention, and require prompt and decisive remedies. [Emphasis added.][5]

In addition, both before and after this message Washington issued neutrality proclamations "exhorting all citizens to avoid acts tending to contravene" his neutrality policy.[6]

Congress responded to the President's request less than six months later by enacting the first Neutrality Act, which provided in part:

> Section 5. And be it further enacted and declared, that if any person shall within the territory or jurisdiction of the United States begin or set on foot or provide or prepare the means for any military expedition or enterprise to be carried out from thence against the territory or dominions of any foreign prince or state with whom, the United States are at peace, every such person so offending shall upon conviction be adjudged

5. I J. Richardson, Messages and Papers of the Presidents 131 (1897).
6. H. Weaton, Elements of International Law $439n. (R. Dana, 8th ed. 1866).

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> guilty of a high misdemeanor, and shall suffer fine and imprisonment at the discretion of the court in which the conviction shall be had, so as that such fine shall not exceed three thousand dollars nor the term of imprisonment be more than three years.[7]

Rather than being aimed at constraining the President, this act was passed at the express request of the President (and indeed required the support of the Vice President to break a tie vote in the Senate).[8] The statute was to expire after two years, but in 1797 was extended in force for another two years, and it became a permanent law by act of April 24, 1800.[9]

It seems clear that by 1866, when Dana's edition of Wheaton's Elements of International Law was published, the 1794 Neutrality Act was viewed as a constraint on the activities of private citizens. In a lengthy footnote, Dana writes of the "sovereign power of every State" to "interfere to prevent its subjects from engaging in the wars of other States, by which its own peace might be endangered, or its poltical or commercial interests affected. [Emphasis added.]"[10] In this context, he then referred to "[t]he example of the American government" as "vindicating the justice and policy of preventing the subjects of a neutral country from enlisting in the service of any belligerent power, and of prohibiting the equipment in its ports of armaments in aid of such power. [Emphasis added.]" Dana continues: "Such was the conduct of that government under the presidency of Washington, and the secretaryship of Jefferson; and such was more recently the conduct of the American legislature in revising their neutrality statutes in 1818 . . . ."[11]

In 1896 the Supreme Court noted that "[t]he prohibition against military expeditions 'must be reasonably construed, and not so as to defeat the obvious intention of the legislature.'"[12] Discussing the same statute a year later in United States v. The Three Friends, the Court observed that "no nation can permit unauthorized acts of war within its territory in infraction of its sovereignty [emphasis added],"[13] and noted:

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7. 1 Stat. 384.
8. United States v. The Three Friends, 166 U.S. 1, 53 (1897).
9. Fenwick, The Neutrality Laws of the United States 27.
10. Weaton, Elements of International Law §439.
11. Ibid.
12. Wiborg v. United States, 163 U.S. 632, 647 (1896), quoting United States v. Lacher, 134 U.S. 624, 628 (1890).
13. 166 U.S. at 52.

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> [I]t was deemed advisable to pass the act . . . in order to provide a comprehensive code in prevention of acts by individuals within our jurisdiction inconsistent with our own authority, as well as hostile to friendly powers. [Emphasis added.][14]

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It seems beyond question that the obvious intention of the legislature in passing the predecessor to 18 U.S.C. §960 was to outlaw unauthorized acts of hostilities by private citizens, not to restrict the activities of U.S. intelligence agencies approved by the President. Legal authorities and lay commentators have recognized that the statute does not apply to governmental activities,[15] but the issue has to my knowledge not been decided by the courts. In the 1976 case of Bennett v. United States Department of Defense,[16] a freedom of information suit in the U.S. District Court for the Southern District of New York, it was contended that the documents sought would show that U.S. intelligence agencies had violated 18 U.S.C. §§956 and 960 by conducting "expeditions" against Cuba. In response, the Department of Justice argued:

> 18 U.S.C. §§956 and 960 are not proscriptions against activities conducted by the Government, but are solely designed to prohibit actions by individuals acting in a private capacity which might interfere with the foreign policy and relations of the United States, and are to be enforced by criminal authorities.[17]

The court found it unnecessary to address this issue, noting that even if the allegations were true "there is nothing in

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14. Ibid. at 53.
15. See, e.g., 78 Am.Jur. 2d §160 (1975) ("Breaches of neutrality such as arise from official acts obviously do not concern the established courts of justice . . . . Such acts of individuals, however, as amount to violations of neutrality are taken cognizance of by municipal law."); Los Angeles Times, Feb. 3, 1983 (referring to possible prosecution of former Green Beret Bo Gritz for trying to rescue alleged POW's in Laos: "The law bans furnishing money for any private military 'expedition or enterprise' against such countries as Laos, with which the United States is at peace [emphasis added]"; Note, "Nonenforcement of the Neutrality Act: International Law and Foreign Policy Power Under the Constitution, 95 Harv. L. Rev. 1955, 1956 (1982) (referring to "the international and domestic laws that have been invoked throughout American history against private expeditions aimed at toppling unstable foreign regimes [emphasis added]."
16. 419 F.Supp. 633 (S.D.N.Y. 1976).
17. Memorandum in Support of Defendants' Motion for Summary Judgment at 7, Bennett v. United States Department of Defense.

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the FOIA, its legislative history, or in Executive Order 11652 to suggest that information vital to the national security is not worthy of protection solely because of the means employed to obtain it."[18]

The Smith Case

Those who contend that 18 U.S.C. §960 restricts activities of government agencies rely heavily, if not entirely, upon an 1806 decision of the U.S. Circuit Court for the District of New York, United States v. Smith.[19] When considered in context, this case is found to be clearly distinguishable on both factual and legal grounds.

In the early nineteenth century, many Americans were sympathetic to the cause of Spanish colonies in Latin America that wished to follow the example set by the U.S. in 1776. Professor Fenwick writes:

> It was doubtless in many cases not only the cause of liberty which induced American adventurers to take part in the struggle, but the opportunity thereby offered of sharing in the rich harvest of plunder to be obtained by preying upon the commerce of Spain. While the government of the United States strictly refrained from giving any aid to the struggling colonies, it found great difficulty in preventing individual citizens from taking up the cause of the revolutionists. [Emphasis added.][20]

William S. Smith, the defendant, had been charged with "setting on foot, and providing the means for a military expedition to be carried out from the city of New York against the dominions of Spain in South America."[21] If nothing else Smith's attorneys were creative, and they sought to delay the trial until the court could compel the appearance of Secretary of State James Madison and various other senior government witnesses. When those officials provided an affadivit stating that they had no knowledge of the case, that they would be willing to give depositions in Washington, but that their official duties prevented them from traveling to New York at the time, this was declared unacceptable by defense counsel, who asked that trial be delayed until the witnesses could be compelled to appear. Further, counsel for defendant sought to introduce into evidence a variety of presidential statements and messages to the Congress.

18. 419 F.Supp. at 666.
19. 27 F. Cas. 1192, 1233 (D.N.Y. 1806) (Nos. 16,342 and 16,342a).
20. Fenwick, The Neutrality Laws of the United States 32.
21. 27 F. Cas. at 12333.

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From the lengthy trial record it appears that Smith put forth two main arguments. He said that he would prove by the testimony of the witnesses that the enterprise in question "was begun, prepared, and set on foot with the knowledge and approbation of the president of the United States . . . and . . . the secretary of state . . . ."[22] In addition, since an element of the offense charged was that the United States and Spain were "at peace" at the time of the alleged offense, he sought to prove by Secretary Madison's testimony and the various presidential documents that the two States were in fact at war.

The strained nature of the defendant's argument is apparent from this explanation by Smith's counsel:

> We shall show from the journals of congress when their secret session began, and how long it continued. We shall prove that it was universally believed that congress had secretly passed an act for going to war with Spain. We shall read the president's message at the opening of the last congress, and a variety of documents communicated by him, on the sixth of December. And we shall then, from proving the notoriety of the preparation for General Meranda's expedition as well here as at Washington, and by a variety of other circumstantial testimony, bring home to the president the knowledge we impute to him.[23]

Shortly thereafter, this exchange occurred between Justice Paterson and defense counsel Emmett.

> PATERSON, Circuit Justice. You state in the affidavit that it was done with the knowledge and approbation of the president, but is it stated in the affidavit that he authorized the fitting out of the expedition?
>
> Emmett. I conceive it was not necessary; for though I have argued upon the effects of an authorization, it was only to show that the argument of adverse counsel went much too far, when they contended that the president could not authorize any such measure. For our defence, it will be only necessary to show that the president was, under the circumstances of the times, warranted to provide and prepare the means for a military expedition; and that, in what he might do, we acted with his knowledge and approbation. "Qui prohibere potest et non prohibet, jubet." The knowledge and approbation

22. Ibid. at 1196.
23. Ibid. at 1200.

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> of the chief magistrate and heads of departments, ff we shall prove them to have been sufficiently express and positive, will amount to justification; but even if we shall fail in establishing them to that extent, they will still afford very powerful inducements for mitigating the punishment.[24]

Not only was the President's "knowledge" to be imputed by the notoriety of the preparations, but his "approbation" seems to have been inferred from his failure to warn Smith that his action would violate the law. Smith's counsel argued:

> I have already said that the president is to be considered as the parent of the American family. As such, he was bound to warn them against the commission of any criminal proceedings that came to his knowledge, and he could not neglect to do so without a violation of his duty.[25]

Thus this was not a case in which the President had directed government officials to conduct an operation, but rather a clearly private venture of which it was alleged the President should have been aware. The prosecutor summarized the second major defense argument in this way:

> But the adverse counsel say, that war may exist in fact, though not declared by congress . . . . And may not individuals, in such a state of things, undertake military enterprises against the offending nation without incurring the penalities of the statute? [Emphasis added.][26]

He then provided the government's interpretation of the statute:

> The plain and obvious meaning of this statute is, that while the government of the country are at peace, all the citizens should be bound to observe the duties of that situation, and the very object of the statute is to prevent individuals from plunging the nation into war, by their own unauthorized acts of violence. [Emphasis added][27]

In response, counsel for the defense said:

> We fully admit, that an individual acting offensively against a common enemy, must be regularly authorized

24. Ibid. at 1221.
25. Ibid. at 1226.
26. Ibid. at 1239.
27. Ibid.

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> by his own government, otherwise his aggressions might be deemed piratical, and himself rendered liable to punishment, as well by the foreign nation as by our own tribunals. The court surely understands that Col. Smith is not charged with an offence of this nature; that the indictment is founded on a particular statute; and that to bring him within its penalty, Spain must have been at peace with the United States. But we offer to prove her at war, and the sole question is on the admissibility of the evidence, necessary to establish that fact. . . .
>
> I conclude with entreating the court always to distinguish, that we are not indicted for any offence against the law of nations; but charged with infracting a particular statute, of which there could be no breach, if Spain was at war with us.[28]

In charging the jury, Judge Tallmadge explained:

> That [it is claimed] these means were so provided and prepared by the knowledge and approbation of the president and secretary [of State], you have already the opinion of the court, can afford the defendant no justification in the breach of positive law, however far the fact, if so, may operate to produce a pardon from the executive.[29]

It is this language that has been relied upon to establish the proposition that 18 U.S.C. §960 prohibits the President from authorizing the CIA to conduct covert activities. From the record there appears to have been no suggestion by Smith's counsel that he was acting in an official capacity or that the government had initiated the expedition. The Smith case is simply not on point. Further, it can be suggested that if Smith had concluded that the legislative intent behind 18 U.S.C. §960 was to prohibit government activities authorized by the President, the case would have been decided in error. A contrary legislative intent seems clear from the record.

Neutrality Act of 1917

During World War I Congress passed "An Act to Punish Acts of Interference with the Foreign Relations, the Neutrality, and the Foreign Commerce of the United States, to Punish Espionage and Better to Enforce the Criminal Laws of the United States, and for Other Purposes."[30] Commonly referred to at the

28. Ibid. at 1240, 1242.
29. Ibid. at 1245.
30. 40 Stat. 266.

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time as the "spy" bill or the espionage bill,[31] its text had been written by the Justice Department in cooperation with the Department of War and the Department of the Navy.[32] Its terms were frequently discretionary, providing in various parts that "The President may" act "as he deems necessary" (emphasis added),[33] that "the President may withhold clearance," (emphasis added),[34] that "the President . . . may detain . . . ." (emphasis added),[35] and that "Whenever . . . the President shall find that the public safety shall so require, . . . it shall be unlawful to export . . . ."[36] The most controversial provision (finally rejected), would have in the words of the House floor manager (Representative Webb) authorized "the President by proclamation to declare the existence of a national emergency, arising either out of war or a threat of war, and by proclamation to prohibit the publishing or communicating of information relating to the national defense which, in his judgment, is of such character that it is or might be useful to the enemy [emphasis added]."[37] This was clearly a bill to increase the President's power, not to limit it, and much of the floor debate centered around the need to "trust" the President on the one hand,[38] and the fear that the bill might grant him too much power, on the other.[39]

Again and again it was stressed that the purpose of the bill was to restrict "individual citizens"[40] and "the public,"[41] and to prevent "unlawful acts against the Government."[42] When it was suggested that the bill's censorship provisions might prevent the Navy or War departments from giving out public information, Congressman LaGuardia responded: "This bill is not intended to curb the War Department or the Navy Department from giving out information. It is to curb other people from giving information."[43]

The provision outlawing conspiracies "to injure or destroy specific property situated within a foreign country and belonging to a foreign government . . . with which the United States is at peace" (now codified at 18 U.S.C. §956) was not

31. 55 Cong. Rec. 1965 (Rep. Morgan).
32. Ibid. at 1591, 1695.
33. Title II, §4.
34. Title V, §1.
35. Title V, §2.
36. Title VII, §1.
37. 55 Cong. Rec. 1592.
38. See, e.g., ibid.
39. See, e.g., ibid. at 1601.
40. Ibid. at 1695.
41. Ibid. at 1590.
42. Ibid. at 1750.
43. Ibid. at 1696.

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included under the "Enforcement of Neutrality" provisions in Title V, but rather in Title VIII, which was entitled "Disturbance of Foreign Relations." This is significant. The Supreme Court has frequently observed that the President is the "sole organ of the Federal Government in the field of international relations"[44]--it can hardly be contended that the President should be treated like a private citizen if his official actions "disturb" our foreign relations.

Although as noted above[45] the Department of Justice has argued that 18 U.S.C. §956 does not apply to the government, there has been only one actual prosecution under the statute in it's sixty-six year history. In 1967 a copper speculator was charged with conspiring to destroy a railroad bridge in Zambia in order to keep copper off the international market and enhance the value of his own investment. Noting that the statute had not previously been used, he attempted to raise an equal protection claim. In its decision in United States v. Elliott,[46] the U.S. District Court for the Southern District of New York observed:

> He has not offered evidence even touching upon an example of any other person who conspired to destroy property in any nation with which the United States was clearly at peace and who was not prosecuted. Instead, he has raised situations such as North Vietnam or the Bay of Pigs where government complicity would effectively bar any prosecution. [Emphasis added.][47]

It would thus seem beyond reasonable doubt that 18 U.S.C. §956 does not restrict presidentially-approved activities of the Central Intelligence Agency.

The War Powers Resolution

During floor debate in the House of Representatives last December concerning alleged U.S. covert activities in Central America, Congressman Leach of Iowa alleged:

> Finally, U.S. covert military involvement in Central America raises again troubling questions related to the authorities of the executive branch under the War Powers Act. . . . Clearly the situation confronting the Congress today raises the question as to whether the administration is committed to a policy in Central America which

44. United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 319-20 (1936); Haig v. Agee, 453 U.S. 280, 291 (1981); Dames & Moore v. Regan, 453 U.S. 654, 661 (1981).
45. See supra, note 17 and accompanying text.
46. 266 F.Supp. 318 (S.D.N.Y. 1967).
47. Ibid. at 324.

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> may lead to a violation of the spirit if not the letter of the War Powers Act. . . . Congress should act today to hold the administration accountable for its activities under the War Powers Act . . . .[48]

Less than a month later, the New York Times editorialized on the same subject: "Any secret commitment of American forces to attacks in or against Nicaragua would violate . . . the War Powers Act."[49]

This suggestion can be dealt with quickly. The 1973 War Powers Resolution simply does not apply to CIA activities which do not involve a commitment of U.S. Armed Forces personnel.[50] Indeed, that fact was apparent to the legislators who enacted the bill and was a source of deep concern to some of them. On July 20, 1973, Senator Thomas Eagleton introduced an amendment to the war powers bill which would have included within it coverage:

> Any person employed by, under contract to, or under the direction of any department or agency of the United States Government who is either (a) actively engaged in hostilities in any foreign country; or (b) advising any regular or irregular military forces engaged in hostilities in any foreign country.[51]

As Senator Muskie explained: "The purpose of this amendment . . . is to give the Congress greater control over the paramilitary activities of the Central Intelligence Agency."[52] Senator Fulbright warned that if the amendment was not adopted, "any future President can end-run the law and use the CIA in this fashion."[53]

48. 128 Cong. Rec. H9150 (daily ed., Dec. 8, 1982).
49. New York Times, Jan. 5, 1983.
50. However, the assignment of members of U.S. Armed Forces "to command, coordinate, participate in the movement of, or accompany the regular or irregular military forces of any foreign country or government when such military forces are engaged, or their exists an imminent threat that such forces will become engaged, in hostilities" is covered by section 8(c) of the War Powers Resolution. From what the Board has been told and from press accounts this does not appear to fit the present case. Further, it might be argued that this language is inapplicable because the "contras" are not "regular or irregular military forces of any foreign country or government . . . ." [Emphasis added.] (I would not recommend such an analysis.)
51. 119 Cong. Rec. 25081.
52. Ibid.
53. Ibid. at 25084.

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Opposition to the Eagleton Amendment was led by Senator Javits --the principal sponsor of the war powers bill--who argued against changing the bill and noted:

> Another important consideration is that there [--] outside the Armed Forces, was [sic] are covered by the bill [--] is no agency of the United States which has any appreciable armed forces power, not even the CIA. They might have some clandestine agents with rifles and pistols engaging in dirty tricks, but there is no capability of appreciable military action that would amount to war. Even in the Laotian war, the regular U.S. Armed Forces had to be called in to give air support. The minute combat air support is required you have the Armed Forces, and the bill becomes operative.[54]

When the amendment was put to a roll call vote, it was defeated 34 to 53.[55] Two years later, in 1975, Senator Eagleton again moved to include CIA paramilitary activities within the provisions of the War Powers Resolution, but no action was taken on his bill.[56]

It is therefore clear that involvement by CIA employees in paramilitary activities is not covered by the War Powers Resolution. A different result might be indicated were there evidence that members of the U.S. Armed Forces on detail or otherwise under the direction of the CIA were involved in such an operation. Certainly any entry into Central America by members of the U.S. Armed Forces while "equipped for combat" or under circumstances which clearly indicated "imminent involvement in hostilities" would appear to require a report to Congress and (depending upon the circumstances) prior consultation. I am still investigating, but thus far I have no reason to believe that any members of the armed forces are so involved. There have been reports that 15 to 20 U.S. Air Force pilots have been involved in conducting reconnaissance flights over Nicaragua for intelligence gathering purposes,[57] but unless they were "equipped for combat" or imminent involvement in hostilities were "clearly indicated by the circumstances," such activities would not trigger the provisions of the War Powers Resolution.

Keeping Congress Informed

In enacting the Intelligence Authorization Act for Fiscal Year 1981,[58] the Congress required by statute that it be kept "fully and currently informed" about, inter alia, all covert activities. This was done by amending the 1974 Hughes-Ryan Amendment to the Foreign Assistance Act of 1961[59] to designate

54. Ibid. at 25082.
55. Ibid. at 25092.
56. 121 Cong. Rec. 15579-83.
57. New York Times, April 3, 1983.
58. Pub. L. 96-450, 94 Stat. 1975, 1981 (1980).
59. Pub. L. 93-559, 88 Stat. 1985 (1974)

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every CIA operation in a foreign country other than "activities intended solely for obtaining necessary intelligence" as "a significant anticipated intelligence activity," and then adding a new title to the National Security Act of 1947. As amended, section 501 of the National Security Act provides that the DCI and the heads of other departments and agencies within the Community shall:

> (1) keep the [congressional intelligence committees] . . . fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (a) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (b) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate . . . . [Emphasis added.]

In recent months there have been allegations in the press that, in the words of one account, "the Administration is probably violating the spirit, if not the letter, of the requirement that such operations be reported to the Congressional intelligence committees--a requirement adopted precisely to prevent the executive branch from conducting secret wars behind Congress's back."[60]

I have made a preliminary investigation of this charge--including lengthy discussions with both Republican and Democrat senior staff members on the Senate Select Committee on Intelligence. I am led to believe as a result that the CIA has been very candid in reporting to that committee under these statutes. I can pursue this further if the Board wishes, but to do a thorough job would require both access to the transcripts of Agency briefings and a more detailed knowledge of the alleged activities in question. I'm not certain that level of effort is warranted by the sort of unsourced allegation we are dealing with here.

60. New York Times, Nov. 18, 1982.

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The Boland Amendment J 4823

The Intelligence Authorization Act for FY 1983 included a classified annex which expressed the "sense of the conferees" that no funds authorized by the act should be used "to overthrow the Government of Nicaragua or to provoke a military exchange between Nicaragua and Honduras."[61] I was informed by congressional staff sources (who asked that their identities be protected) earlier this year that some members of the intelligence committees felt that this restriction (if a non-binding "sense of the conferees" provision can be so characterized[62]) was not being observed.

On December 8, 1982, when the continuing resolution for FY 1983 was pending before the House, Congessman Harkin introduced an amendment as follows:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of assisting that group or individual in carrying out military activities in or against Nicaragua.[63]

While this was being debated, House intelligence committee chairman Boland made public the above mentioned classified annex and proposed a substitute amendment to the Harkin amendment reading as follows:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Governnment of Nicaragua or provoking a military exchange between Nicaragua and Honduras.[64]

In return, Congressman Harkin offered a substitute to the Boland substitute which read:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or any

61. 128 Cong. Rec. H9156 (daily ed., Dec. 8, 1982).
62. Here I am not suggesting that it might be politically wise to ignore the expressed opinion of the conferees--I am only saying that in this form the language is not legally binding.
63. 128 Cong. Rec. H9148 (daily ed., Dec. 8, 1982).
64. Ibid., at H9158

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agency of the Department of Defense to furnish military equipment, military training or advice or other support for military activities, to any individual or group which is not part of a country's armed forces and which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict beween Nicaragua and Honduras.[65] J 4824

The Harkin substitute was defeated by a vote of 13 to 27 on a division of the House,[66] and on a roll call vote the Boland substitute passed 411 to 0.[67] This language was subsequently accepted by the Senate in conference, and became law when the act was signed by the President.

Most of the recent legal criticism of alleged U.S. covert activities in Central America centers around this law. In late March, 37 House members sent a letter to the President reportedly warning that CIA activities in Central America may be violating the law.[68] Senator Moynihan, the ranking Democrat on the Senate intelligence committee, has been quoted by the New York Times as saying that while the committee has not as yet reached a consensus on whether the Boland amendment has been breached, "A growing number of my colleagues question whether the C.I.A. is complying with the law . . . ."[69] Shortly thereafter, the Washington Post quoted Moynihan as saying that "a crisis of confidence" was building over this issue between Congress and the intelligence agencies. "'It is absolutely necessary that the administration obey the law,' said Moynihan, who expressed the view that either the law or the operations must be changed because the current situation is untenable."[70] Senator Goldwater has also been quoted as believing that the CIA might be involved in "plans to destabilize the Nicaraguan government,"[71] but an inquiry to his office produced a denial that he had made any such statement.[72]

65. Ibid., at H9159.
66. Ibid.
67. Ibid.
68. New York Times, April 1, 1983.
69. Ibid.
70. Washington Post, April 3, 1983.
71. Christian Science Monitor, March 29, 1983.
72. On March 29 I telephoned Denny Sharon, Senator Goldwater's Armed Services Legislative Assistant (Robb Simons, Goldwater's man on the intelligence committee, was out of town). Denny was unfamiliar with the Monitor article, but copied down the key language and said he would check with the Senator (who was out of town). On the morning of March 31, Denny called me back and said the Senator told him that he had made no such statement concerning alleged U.S. involvement in Nicaragua and that he would send a communication to the Monitor disavowing their account.

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The words "for the purpose of . . . " are critical to understanding the Boland Amendment. Does this bar expenditure of funds by the CIA only when the Agency's purpose is to overthrow the Nicaraguan government or to provoke a confrontation with Honduras, or does it also bar funding of a paramilitary group when the Agency's purpose is to pressure Nicaragua to cease its aggression against El Salvador but when the receipient group's objective is to overthrow the Nicaraguan government? The administration has taken the former view--that it is the CIA's "purpose" that is controlling--while at least some congressional critics have suggested that if either the CIA or a group receiving CIA funds has the "purpose" of overthrowing the Government of Nicaragua or provoking an exchange with Honduras the statute prohibits assistance to that group. The Washington Post recently reported:

> Chairman Michael D. Barnes (D-Md.) of the House Foreign Affairs subcommittee on Latin America, said CIA attorneys argue that continued spending is legal because the "purpose" of the U.S. agencies supplying money and weapons to the insurgents is not to overthrow the Nicaraguan regime, even if the purpose of the guerrillas who receive the support is to do so. "Not a jury in the country would accept this, and the House will not accept it," said Barnes.[73]

A similar intepretation was given by New York Times columnist Tom Wicker, who wrote:

> Whether the goal is to overthrow the Sandinists or merely make them more amenable to Reagan Administration pressures is not so clear.
>
> Either way, the C.I.A. operation appears to be violating the Boland Amendment, which prohibits support of paramilitary forces "with [sic--should read "for"] the purpose" of overthrowing the Nicaraguan Government. Philip Taubman of the Times reports that C.I.A. officials claim they aren't trying to overthrow that Government, hence are observing the letter of the Boland Amendment. That's like saying you're hitting a man with a hammer but not trying to kill him; and it's the kind of sleazy, hair-splitting "deniability" that debases language and credibility alike.[74]

73. Wash. Post, April 3, 1983.
74. New York Times, April 1, 1983.

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The distinction between the CIA's "purpose" and that of the insurgents allegedly being financed and supplied is an important one, because they don't appear to coincide. Consider this report by Washington Post writer Christopher Dickey, who recently spent time with anti-government guerrillas in Nicaragua:

> "The United States is helping us in a way we don't want. They are saying no, no, no to everything. Our men want to do spectacular things," complained one counterrevolutionary political leader outside Nicaragua who was instrumental in setting up our visit. "You have the momentum, and they stop you. It's like an invisible hand holding strings."
>
> As did his men on the ground here, he dismissed the Reagan administration's assertion to Congress that Washington's support for the anti-Sandinistas is intended essentially to cut the Nicaraguan government's arms supplies to insurgents in El Salvador.
>
> "The people who are fighting, they are not fighting to stop the weapons," the counter-revolutionary leader said "We are fighting to liberate Nicaragua."
>
> As [guerrilla leader] Suicide put it here in the middle of the war zone, "we're not going to stop the transport of arms and supplies to the Salvadoran guerrillas or the Guatemalan guerrillas until we cut the head off the Sandinists."[75]

Fortunately, the legislative language is less ambiguous than might at first glance appear to be the case. Particularly when read in context, it is in my view beyond reasonable doubt that Congress was referring to the "purpose" of the CIA and DoD, not the purpose of the individuals and groups receiving assistance from the CIA.

To begin with, the Amendment prohibits the use of certain funds "by the Central Intelligence Agency or the Department of Defense" to furnish certain specified assistance to any "group or individual" "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." [Emphasis added.] That is to say, the law prohibits the expenditure of funds "by" the CIA "for" the prohibited purpose. Had the Congress intended to

75. Washington Post, April 3, 1983.

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prohibit CIA assistance "to any individual or group which is not a part of a country's armed forces and which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict between Nicaragua and Honduras," it would presumably have so stated. Indeed, immediately before unanimously adopting the Boland Amendment, the House considered and overwhelmingly rejected the language I have just quoted, which had been proposed by Congressman Tom Harkin as a substitute to the Boland Amendment. The key difference between the unanimously approved Boland Amendment and the Harkin substitute (which was defeated by a margin of greater than two to one) was that Boland restricted the CIA's "purpose," while Harkin was triggered by the CIA's knowledge of the "intent" of a paramilitary group or individual.

Accepting this interpretation, it is not legally relevant whether the Government of Nicaragua is in fact eventually overthrown, or an exchange between Nicaragua and Honduras takes place. What matters is the motive or purpose for which the assistance is provided. Assistance provided to pressure Nicaragua to cease its intervention in El Salvador--even if it resulted in the fall of the present regime--would not be unlawful; while assistance given to overthrow that regime, even if totally ineffective or actually counterproductive, would violate the law.

Some congressional critics appear to acknowledge that the "letter" of the Boland Amendment has been followed, but charge that the CIA may be violating its "spirit" by failing to maintain adequate control over the paramilitary forces receiving assistance.[76] Congress may indeed be concerned about the possible consequences of a successful paramilitary effort to overthrow the Sandinistas and the accompanying risks of a conflict between Honduras and Nicaragua--and from both a policy and a political standpoint these considerations may warrant careful attention by administration decision-makers--but as a matter of law it is inappropriate to attach

76. "Members of the Senate Intelligence Committee, including Democrats and Republicans, said this week that a majority of senators on the panel think that the C.I.A. has insufficient control over the paramilitary forces that it supports in the region. . . . [They] said that sentiment on the committee runs strongly to the view that the law has been violated in spirit if not in letter." New York Times, April 1, 1983. See also, ibid., March 30, 1983: "Senator Patrick J. Leahy, Democrat of Vermont, visited Central America earlier this year for the Senate intelligence committee. Members who have read a report that Mr. Leahy prepared about his visit said it had left little doubt that the agency, while following the letter of the Boland amendment, was violating its spirit."

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the terms of the rejected Harkin Amendment as baggage to the Boland Amendment. The record shows that the House considered and rejected language which would have prohibited assistance to paramilitary groups intending to overthrow the Nicaraguan government. To suggest that the Harkin Amendment was somehow incorporated into the "spirit" of the Boland Amendment is in my view simply unpersuasive.

Although not legally relevant, it is perhaps worth noting that concerns that the paramilitary contras may succeed in overthrowing the Government of Nicaragua or provoking a conflict between that State and Honduras may be exaggerated. While there have been reports by journalists who have travelled with the contras of significant peasant support for the guerrillas and resentment of the Nicaraguan government,[77] there seems to be little reason to believe victory is in sight. Consider this assessment by a Washington Post reporter from Managua:

> The worries do not seem to be military for the most part. The several thousand counter-revolutionary guerrillas reported to be operating in various zones inside Nicaragua pose little serious challenge to the Sandinistas' 22,000-man conventional army, backed by more than 10,000 trained militia reserves and tens of thousands more volunteer militiamen with rudimentary drill under their belts.
>
> And despite several warnings that Honduras risks war by allowing the antigovernment Nicaraguans to use its territory, Sandinista officials and foreign diplomats say such a conflict is unlikely unless one side or the other makes a severe miscalculation.[78]

Despite the frequent allegations in the press and by some members of the Congress that the Boland Amendment is being violated, I have to date encountered no persuasive evidence that the CIA or the Defense Department is providing assistance to any group for the purpose of overthrowing the Government of Nicaragua or provoking a confrontation with Honduras. Until evidence to that effect can be obtained, I am not prepared to conclude that either the letter or the "spirit" of the Boland Amendment is being violated.

77. See, e.g., Washington Post, April 5, 1983 ("In the six days another reporter and I spent traveling through this province with the U.S.-backed soldiers fighting to overthrow the leftist Sandinista government we saw a pattern of support for the contras by people with many grievances against the revolutionary government in Managua.")
78. Washington Post, March 8, 1983.

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Legal Authority for Covert Action

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Since the days of President George Washington nearly every U.S. president has used "secret agents" to carry out intelligence activities--not infrequently activities which would be called "covert actions" in today's parlance.[79] It is widely believed that Congress had such activities in mind when it provided in section 102(d)(5) of the National Security Act of 1947 that the CIA's duties included:

> to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.[80]

(If one accepts this as affirmative statutory authority for covert action, it would also strengthen the case that 18 U.S.C. §§956 and 960--discussed supra--do not inhibit the CIA since when statutes conflict the later in time prevails.[81]) There is implicit authority for covert actions in the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961, which requires that such activities be accompanied by a presidential finding and that they be reported to the Congress.[82] Furthermore, both the House and the Senate have considered and strongly rejected amendments aimed at outlawing covert action.

On September 24, 1974, Congresswoman Holtzman offered an amendment to a continuing appropriations bill which would have prohibited funds from being "expended by the Central Intelligence Agency for the purpose of undermining or destablizing the government of any foreign country."[83] While some of the opposition expressed to the Holtzman amendment was on procedural grounds, there were may substantive comments on both sides of the issue. A number of members spoke highly of alleged CIA covert activities--typical perhaps was this statement by Congressman Conlon:

> If we want to get into the merits of Chile, if the CIA had anything to do with it, it probably was one of their finest jobs in helping bring that country out of a Communist dictatorship and bringing it back into the free world. . . . To cut off our covert intelligence operations would be a vote for national suicide.[84]

When the final vote was taken, the Holtzman amendment was defeated by a margin of nearly three-to-one (108-291).[85]

79. See generally, H. Wriston, Executive Agents in American Foreign Relations (1929)
80. Codified at 50 U.S.C. §403.
81. Whitney v. Robinson, 124 U.S. 190 (1888).
82. 88 Stat. 1975; 94 Stat. 1981.
83. 120 Cong. Rec. 32441.
84. Ibid., at 32443.
85. Ibid.

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There was little if anything said in the debate to suggest that members thought such activities were already unlawful. J 4830

Similarly, on October 2, 1974, Senator James Abourezk introduced an amendment to the Foreign Assistance Act of 1974 which would have prohibited the use of any funds to carry out an activity (other than to gather intelligence information) "within any foreign country which violates, or is intended to encourage the violation of, the laws of the United States or of such country." In introducing the amendment, Senator Abourezk explained that "this amendment will, if enacted, abolish all clandestine or covert operations by the Central Intelligence Agency."[86]

Senator Frank Church explained that he would vote for the amendment as a protest to recent CIA activity in Chile, because he was confident that the amendment would fail. He expressed the hope that a congressional oversight system would be created that would "solve this problem without having to outlaw covert activity outright."[87] He noted: "I can envision situations in which the national security of the United States . . . would have such overriding importance as to justify covert activity."[88]

Senator John Stennis, Chairman of the Armed Service Committee, noted that for many years he had played a role in overseeing CIA activities. He remarked:

> I have talked to many Senators about this. I have not found a single one, except the author of this amendment--and there are others, as I believe the Senator from Idaho [Sen. Church] did speak--who firmly believe that we ought to abolish covert actions and have no capacity in that field.[89]

As had been the case in the earlier House debate, there was no indication that a significant number of members thought that covert operations were, or should be, unlawful under U.S. law. When the debate had concluded the Abourezk amendment was soundly defeated by a four-to-one margin (17-68).[90]

Even if one concludes that the National Security Act of 1947 is insufficiently clear to authorize covert CIA activities, it is beyond reasonable doubt that the Congress has acquiesced in such activities for many years. That, by itself, is sufficient. As the Supreme Court noted in its 1981 decision

86. 120 Cong. Rec. 33477.
87. Ibid.
88. Ibid.
89. Ibid.
90. Ibid. at 33482.

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in Dames & Moore v. Regan: J 4831

> [The] failure of Congress specifically to delegate authority does not, "especially . . . in the area of foreign policy and national security," imply "congressional disapproval" of action taken by the Executive. Haig v. Agee, 453 U.S. 280 at 291. On the contrary, the enactment of legislation closely related to the question of the President's authority in a particular case which evinces legislative intent to accord the President broad discretion may be considered to "invite" "measures on independent presidential responsibility," Youngstown at 637 (Jackson, J., concurring). At least this is so where there is no contrary indication of legislative intent and when, as here, there is a history of congressional acquiescence in conduct of the sort engaged in by the President.[91]

Part II--ALLEGED VIOLATIONS OF INTERNATIONAL LAW

Under the Supremacy Clause of the U.S. Constitution, "all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land . . . ."[92] Further, the Supreme Court has declared that "International law is part of our law . . . ."[93] It seems therefore appropriate for the Board to take note when an agency within the Intelligence Community is accused of violating international law--particularly fundamental treaties to which the United States is a party.

During the House debate on the Harkin/Boland amendments on December 8, 1982, one of the most frequent arguments made in favor of restricting CIA activities in Central America was that they violate international law. Time and again Congressman Harkin alleged that the Agency was doing something that is "clearly illegal."[94] He was followed by Congressman Leach, of Iowa, who asserted:

> Interventionist activities are in direct contravention of international law and the legally binding treaty obligations of the United States under both the Charter of the United Nations as well as the Charter of the Organization of American States.

91. 435 U.S.S 654, 678-79 (1981).
92. U.S. Const., art. VI, cl. 2.
93. The Paquete Habana, 175 U.S. 677, 700 (1900). See also, United States v. Arjona, 120 U.S. 412, 487 (1887); and Thirty Hogsheads of Sugar v. Boyle, 13 U.S. (9 Cranch.) 191 (1815) (Marshall, C.J.).
94. 128 Cong. Rec. H 9148-49 (daily ed. Dec 8, 1982).

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For example, Article 2 of the United Nations Charter states:

> All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice are not endangered. All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State * * *

Article 18 of the OAS Charter sets forth similiar obligations:

> No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic, and cultural elements.[95]

Other members made similar charges,[96] which have been echoed editorially by the Washington Post,[97] and by other influential commentators.[98]

The "Inherent Right of . . . Collective Self-Defense"

Unfortunately, few of the critics evince any understanding of the clear distinction made by modern international law between impermissible intervention and a State's right to defend itself--with the assistance of other States if available--against an armed attack. An excellent example of this confusion was provided in a recent New York Times column by Tom Wicker, who wrote:

> The parallel drawn in the U.N. debate and elsewhere between Nicaraguan intervention in El Salvador and that of the U.S. in Nicaragua is sleazy . . . . Aside from the disputed question how much the Salvadoran guerrillas are sponsored, armed and encouraged by the Sandinists, should the United States hold itself to no higher standards than those it rightly condemns in others?

95. Ibid. at H9149.
96. See, e.g., ibid., at H 9151 (statement of Rep. Mikulski); and ibid. at H9153 (statement of Rep. Studds).
97. Washington Post, April 5, 1983.
98. See, e.g., Washington Post, March 31, 1983 (Mary McGrory).

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> Is the covert, armed destabilization of even an obstreperous nation permissible to a democratic, law-abiding power?
>
> We deny that right to the Soviet Union, Cuba, Nicaragua; what gives it to us? The plea that they do it, so we can too, reflects the puerile ethic of the schoolyard: "You did it first!"[99]

J 4333

The issue is not the right of the United States to "destabilize" Nicaragua because communist countries try to subvert non-communist government--the issue is whether the United States is prohibited by international law from assisting El Salvador or Honduras to defend themselves against an armed attack from Nicaragua. As will be shown, this is not only clearly permissible--it is arguably a duty imposed by treaty commitments.

United Nations Charter

As the critics have observed, article 2(4) of the U.N. Charter provides that:

> All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.

However, this should be read in connection with article 51, which provides in part:

> Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security. . . .[100]

Thus, if it can be established that El Salvador or Honduras is the victim of an "armed attack" by Nicaragua--an issue which will be addressed infra--the United Nations Charter does not prohibit the United States from assisting either country as an exercise of "collective self-defense."

99. New York Times, April 1, 1983.
100. While the "inherent right of . . . collective self-defence" is not impaired by the Charter, in order to fully comply with the Charter's procedural requirements a State must report self-defense measures immediately to the U.N. Security Council.

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Organization of American States Charter

Article 18 of the revised Charter of the Organization of American States is cited perhaps even more than the U.N. Charter by those who allege that the CIA is acting unlawfully. It provides:

> No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic and cultural elements.

Not only do the critics generally neglect to apply this provision to Nicaragua--also a party to the treaty--but they also fail to recognize that article 18 does not prohibit collective security measures under article 51 of the U.N. Charter. They don't mention, for example, article 22 of the OAS Charter, which provides:

> Measures adopted for the maintenance of peace and security in accordance with existing treaties do not constitute a violation of the principles set forth in Articles 18 and 20.

Similarly, they ignore article 137:

> None of the provisions of this Charter shall be construed as impairing the rights and obligations of the Member States under the Charter of the United Nations.

Indeed, an argument can be made that the United States not only has the right to respond to a request for assistance from a victim of an armed attack within the treaty area--but that it has a duty to do so. Consider the provisions of article 27:

> Every act of aggression by a State against the territorial integrity or the inviolability of the territory or against the sovereignty or political independence of an American State shall be considered an act of aggression against the other American States.[101]

101. A similar principle is recognized in article 3(f) of the OAS Charter, which provides: "An act of agression against one American State is an act of aggression against all the other American States."

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Therefore, if it can be established that El Salvador or Honduras is the victim of "aggression" or an "armed attack" as those terms are used in the charters, then the United States is not in violation of its international legal obligations in responding to a request for assistance by one of those States--even if that assistance involves the use of necessary and proportional force.

Rio Pact

Use of force situations in Central America are also covered by the 1947 Inter-American Treaty of Reciprocal Assistance (Rio Pact), which the United States ratified in 1948. Article 1 of the Pact provides:

> The High Contracting Parties formally condemn war and undertake in their international relations not to resort to the threat or the use of force in any manner inconsistent with the provisions of the Charter of the United Nations or of this Treaty. [Emphasis added.]

Like article 137 of the OAS Charter, article 10 of the Rio Pact states that none of its provisions "shall be construed as impairing the rights and obligations of . . . Parties under the Charter of the United Nations." The key language in the Pact, however--language which closely parallels article 27 of the OAS Charter--is found in article 3, which states in part:

> 1. The High Contracting Parties agree that an armed attack by any State against an American State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations.
>
> 2. On the request of the State or States directly attacked and until the decision of the Organ of Consultation of the Inter-American System, each one of the Contracting Parties may determine the immediate measures which it may individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of continental solidarity . . . .
>
> . . . .
>
> 4. Measures of self-defense provided for under this Article may be taken until the Security Council of

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the United Nations has taken the measures necessary to maintain international peace and security.

Thus, there is nothing in the Rio Pact, the OAS Charter, or the United Nations Charter which prohibits the United States from assisting other nations which have been the target of an armed attack or similar act of aggression.

Applying the Facts to the Law

The Board has not thus far engaged in serious independent fact-finding with respect to CIA activities in Central America. However, PIOB consultant John Norton Moore[102] and I have been briefed by the Defense Intelligence Agency on Nicaraguan intervention in El Salvador,

[CLASSIFIED MATERIAL DELETED]

On the basis of this briefing,[103] Professor Moore indicated that he had no hesitation in concluding that Nicaragua was guilty of an "armed attack" against El Salvador in violation of the U.N. Charter. I share that view. In addition, I have separately met with CIA specialists on this subject and on the question of Nicaraguan involvement in anti-government activities in Honduras. While I am still pursuing this question, on the basis of what I have been told I am persuaded that both El Salvador and Honduras are legally entitled under the U.N. Charter and other relevant treaties to request assistance from the United States in

102. Professor Moore is Director of the Center for Law and National Security at the University of Virginia School of Law, Chairman of the American Bar Association Standing Committee on Law and National Security, and head of the Public International Law Division of the ABA's Section on International Law. He is a former Counsellor on International Law to the Department of State and is an internationally recognized expert on international law and the use of force. His many books include Law and Civil War in the Modern World (John Hopkins, 1974), and Law and the Indo-China War (Princeton, 1972).

103. Captured Salvadoran guerrilla leaders have been quoted as acknowledging a major Nicaraguan role in directing and supporting their revolution (see, e.g., Washington Times, March 10, 1983), as reportedly has the official guerrilla radio station, Radio Venceremos, which is based in Nicaragua (ibid., March 16, 1983).

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defending themselves, and that the United States is legally permitted to use necessary and proportional force against Nicaragua in response to such a request.[104]

104. This judgment should not be interpreted as a finding that United States activities in Central America constitute a use of force under international law. Whether that threshold has been breached is beyond the scope of this memorandum.

Chapter 20 FN* 16

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26-16

N 16574

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the concerned committees of the Congress pursuant to law, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Provide all forms of training, equipment and related assistance to cooperating governments throughout Central America in order to counter foreign-sponsored subversion and terrorism.
[redacted]	Encourage and influence foreign governments around the world to support all of the above objectives.

Ronald Reagan
The White House

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TS 0095/2-85

Date: March 9, 1981

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Chapter 26 FN # 16
C 06433

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

~~N 44659~~

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

Partially Declassified/Released on 1/15/88
under provisions of E.O. 12356
By B. Boos, National Security Council

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Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE

NICARAGUA

PURPOSE

[redacted] provide support, equipment and training assistance to Nicaraguan paramilitary resistance groups [redacted]

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[illegible] Security Council

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The Director of Central Intelligence is directed to ensure that this program is continuously reviewed to assure that its objectives are being met and its restrictions adhered to.

Ronald Reagan

The White House
Washington, D.C.

Date: September 19, 1983

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Chapter 26 #16

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N 17031

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE

Nicaragua

PURPOSE

In order to induce the Sandinistas to halt their transformation of Nicaragua into a Marxist/Leninist state; to bring the Sandinistas into a meaningful dialogue with the Nicaraguan democratic opposition to achieve reconciliation of the Nicaraguan people leading to the establishment of a democracy based upon the implementation of the June 1979 Declaration of the Organization of American States and the 21 point Contadora Statement of Objectives; to induce the Sandinistas to cease exporting armed revolution and weapons in the region, the CIA is directed to:

[redacted]

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-- Provide assistance and non-lethal material support to the armed Resistance forces of the Nicaraguan democratic opposition.

[redacted]

Ronald Reagan

The White House
Washington, D.C.

Date: Janaury 9, 1986

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, D.C. 20510

#84-1274

April 9, 1984 UNCLASSIFIED

The Honorable William J. Casey
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Declassified and released on 3 FEB 88
by - National Security Council

Dear Bill:

All this past weekend, I've been trying to figure out how I can most easily tell you my feelings about the discovery of the President having approved mining some of the harbors of Central America.

It gets down to one, little, simple phrase: I am pissed off!

I understand you had briefed the House on this matter. I've heard that. Now, during the important debate we had all last week and the week before, on whether we would increase funds for the Nicaragua program, we were doing all right, until a Member of the Committee charged that the President had approved the mining. I strongly denied that because I had never heard of it. I found out the next day that the CIA had, with the written approval of the President, engaged in such mining, and the approval came in February!

Bill, this is no way to run a railroad and I find myself in a hell of a quandary. I am forced to apologize to the Members of the Intelligence Committee because I did not know the facts on this. At the same time, my counterpart in the House did know.

The President has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it.

My simple guess is that the House is going to defeat this supplemental and we will not be in any position to put up much of an argument after we were not given the information we were entitled to receive; particularly, if my memory serves me correctly, when you briefed us on Central America just a couple of weeks ago. And the order was signed before that.

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The Honorable William J. Casey
Page Two
April 9, 1984

I don't like this. I don't like it one bit from the President or from you. I don't think we need a lot of lengthy explanations. The deed has been done and, in the future, if anything like this happens, I'm going to raise one hell of a lot of fuss about it in public.

Sincerely,

Barry Goldwater
Chairman

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Chapter 26 FN 90
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26-90

Washington, D.C. 20505

18 March 1985

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The Honorable Dave Durenberger, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to questions raised by the Committee regarding the Agency's plans to provide certain defensive intelligence to opposition groups in Nicaragua in light of the statutory restrictions contained in Section 8066 of the FY85 DoD Appropriation Act (incorporated in the FY85 Continuing Resolution).

We do not intend to provide intelligence to Nicaraguan opposition groups on any systematic or continuing basis. Our goal is humanitarian in nature and any intelligence we would pass would be strictly limited, on a case-by-case basis, to information which in general affects the lives of U.S. persons or third-country noncombatants or which suggests that a holocaust-type situation involving substantial loss of life may occur.

The enclosed guidelines have been developed by the Agency's General Counsel for assessing the provision of defensive intelligence to resistance forces in Nicaragua. The guidelines require that, where time permits, the General Counsel's concurrence be obtained. It is our view that these guidelines will assure careful scrutiny by Agency officials at appropriate levels for this necessary but limited activity.

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The Agency will obviously inform the Committee when defensive intelligence is provided to such groups. This letter is also being provided to Chairman Hamilton of the House Permanent Select Committee on Intelligence.

Sincerely,

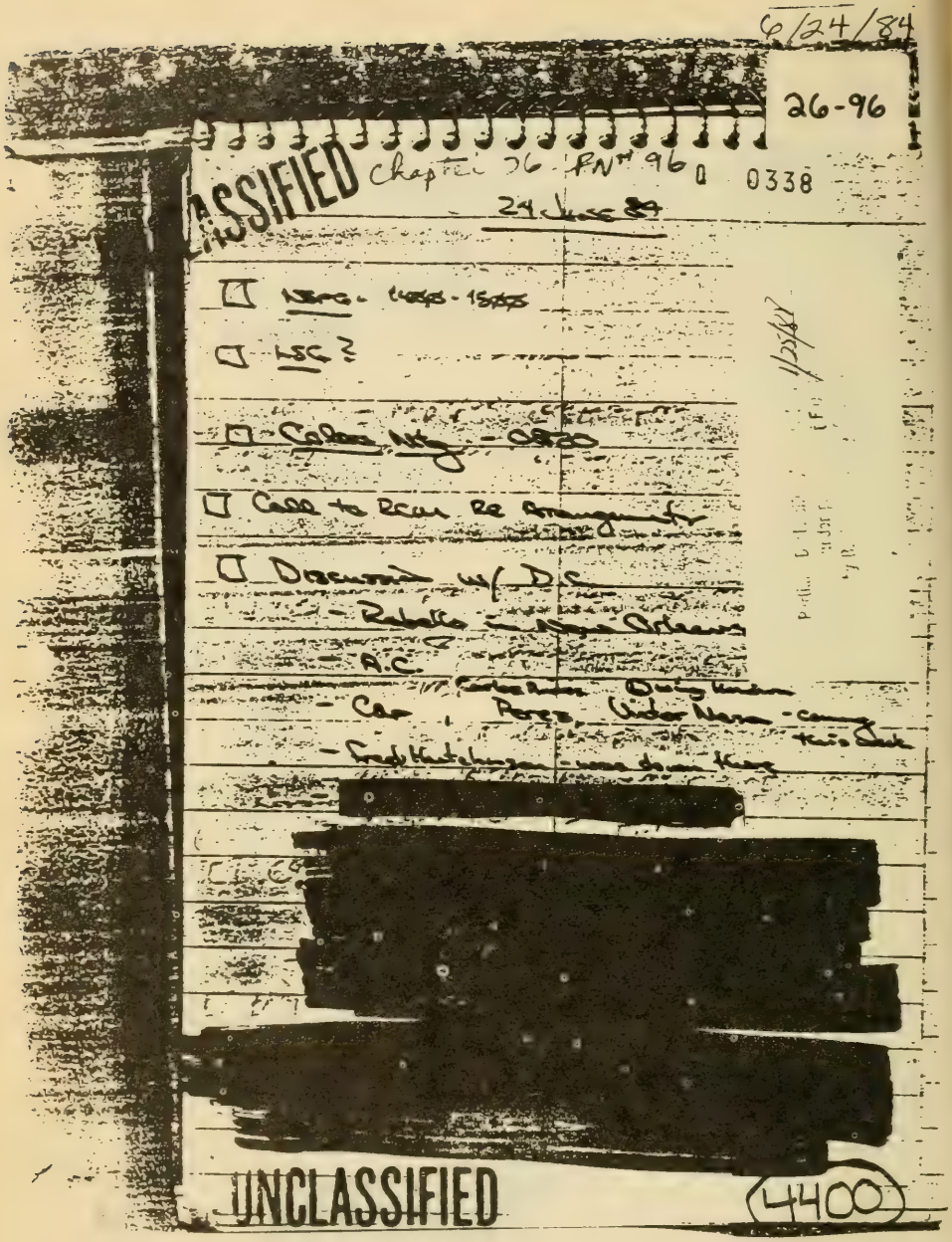
William J. Casey

William J. Casey
Director of Central Intelligence

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Enclosure

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Chapter 36 Fl. 709

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OGC-84-51747
23 August 1984

26-99

MEMORANDUM FOR: General Counsel

FROM: [redacted]
Office of General Counsel

SUBJECT: H.R. 5399 -- Section 107, Prohibition on Covert Assistance for Military Operations in Nicaragua

1. The Director has asked for a legal interpretation of the restriction contained in Section 107 of H.R. 5399, which was recently passed by the House of Representatives. More specifically, OGC has been asked to analyze the effect of this provision on expenditures for staff salaries [redacted] In my view, while we plainly can pay all of these fixed costs on the basis of other appropriations, we just as clearly cannot utilize these resources in any activities which would have the effect of supporting paramilitary operations in Nicaragua by anyone.

2. In addition, we have been asked to comment upon the use of third countries to continue the Nicaragua project. I believe the Agency can request third countries to carry on the program at their own expense so long as it is made clear that no U.S. funds would be used either now or in the future to repay such a commitment. The extent to which Agency personnel can be involved in soliciting third country support would have to be determined on a case-by-case basis.

3. Although the language of Section 107 differs only slightly from that of Section 108 of the Intelligence Authorization Act for FY 84 (hereinafter Section 108), the legal effect of those differences is substantial. Section 107 reads as follows:

PROHIBITION ON COVERT ASSISTANCE FOR
MILITARY OPERATIONS IN NICARAGUA

Sec. 107. During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or

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By R. Ryan, National Security Council

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which would have the effect of supporting directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.1/ 0416

On its face and by its very title, the House version operates as a total prohibition on the use of any funds by U.S. intelligence elements during FY 85 for direct or indirect support of military or paramilitary operations in Nicaragua by anyone. This language effectively blocks all direct U.S. activities in Nicaragua and precludes U.S. financial support for the Contras during FY 85 by any means. In dissecting Section 107, we are faced with the following restrictions:

A) RESTRICTION ON TIME -- This prohibition would operate throughout FY85 and any subsequent supplemental appropriations would likewise be subject to its restrictions. Should this language become the final version of next year's Intelligence Authorization Act, as of 30 September 1984, an amendment of the Section would be required in order to legalize spending for the Nicaragua program.

B) RESTRICTION ON FUNDS -- The wording contained in Section 107 that "no funds available" may be obligated or expended for the restricted purpose translates into a total prohibition on all activities supporting paramilitary operations in Nicaragua that require funding by the U.S. The funds available are not limited by year of appropriation. Thus, reprogramming of prior year funds and releases from the Reserve for Contingencies would be prohibited. Moreover, the prohibition is not limited by its language to appropriated funds. The broadness of the wording of this section appears to prohibit the use of funds

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1/ By comparison, Section 108 of the Intelligence Authorization Act for FY 1984 reads as follows:

LIMITATION ON COVERT ASSISTANCE FOR MILITARY OPERATIONS IN NICARAGUA

Sec. 108. During fiscal year 1984, not more than $24,000,000 of the funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

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made "available" to the Agency by other nations, groups or individuals. Therefore, the Agency could not conduct [redacted] action while another nation, group or [redacted] vidual foots the bill.

C 0417

c) RESTRICTIONS ON OBLIGATIONS OR EXPENDITURES -- This restriction on both obligations and expenditures of funds available in FY85 not only precludes Agency spending now for the restricted purpose, but forbids the making of commitments to spend available funds at some future time. This same language is contained in FY84's spending cap and the question was raised in that situation whether funds obligated in FY83, but expended in FY84, would be subject to the $24 million limitation. It is my understanding that the question was informally resolved because the Committees reportedly did not intend the limitation to effect funds already obligated. In any event, funds that have been obligated arguably are not "available" to the Agency in a technical sense. To avoid future questions by the Committees, however, it might be appropriate to urge Congress to modify any final restrictive language in a manner that clarifies this point. Perhaps adding to the phrase "no funds available" the words "for obligation" would narrow the restriction.2/

2/ There has been at least one instance where the language of a proposed amendment required the deobligation of funds and their return to the Treasury. Senator Proxmire offered the following amendment to the Department of State Authorization Act for FY84-85, S. 1342:

PROHIBITION ON CERTAIN ASSISTANCE TO THE KHMER ROUGE IN KAMPUCHEA

Sec. 701. (a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act or any other Act may be obligated or expended for the purpose, or with the effect, of promoting, sustaining or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations in Kampuchea or elsewhere in Indochina.

(b)(1) All funds appropriated before the date of enactment of this section which were obligated but not expended for activities having the purpose or effect described in subsection (a) shall be deobligated.

(2) All funds deobligated pursuant to paragraph (1) shall be deposited in the Treasury of the United States as miscellaneous receipts.

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D) RESTRICTION ON WHO MAY SPEND -- The provision expressly [redacted] the CIA, DoD and "any other agency or entity of the U.S. involved in intelligence activities" [redacted] whose funds are subject to the restriction. This language appears to prohibit use of funds made available to the Department of State, to the extent that expenditure of those funds would have the effect of supporting paramilitary operations. Section 107 does not, however, prohibit the Department from obligating or expending funds for diplomatic or other purposes in Nicaragua. Although the restriction does not apply to entities not involved in intelligence, such as the Department of Agriculture, for example, any appropriated funds available to those agencies could not legally be expended for unauthorized purposes under traditional appropriations law. Obviously such other agencies are not authorized by law to conduct paramilitary operations.

C 0418

E) RESTRICTION ON PURPOSE OR EFFECT -- The language of Section 107 requires the Agency not only to refrain from committing or spending funds for the express purpose of supporting paramilitary activities in Nicaragua, but also demands that the CIA anticipate the "effect" of its expenditures. Thus, funds given to the Contras that were being expended, for example, to provide humanitarian support, interdict the flow of arms in the region or assist with public relations efforts, would be prohibited only if such assistance were determined to have the "effect" of supporting paramilitary activities in Nicaragua. While the language of Section 107 itself can be construed to permit humanitarian aid by U.S. intelligence elements, the legislative history indicates that the bill's proponents would oppose <u>any</u> assistance to the Contras.

F) RESTRICTION ON DIRECT OR INDIRECT SUPPORT FOR MILITARY OR PARAMILITARY OPERATIONS -- The restriction on direct or indirect support for military/paramilitary operations prohibits the funding of any Agency activities which have a reasonable nexus with the Nicaraguan covert action program. While the interpretation of "direct" support may cause us few problems, how to define what will have the <u>effect of indirectly supporting</u> such activities in Nicaragua cannot be determined with certainty. Rather than drawing a thin line, this language paints a gray zone subject to interpretation. The provision of medical supplies to the Contras, for example, arguably has the "effect" of "indirectly" supporting their paramilitary activities.

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This point takes on particular significance when we compare this year's $24 million cap with the "no funds" prohibition of Section 107. As we were approaching the cap, CIA informed the Committees that the Agency had not exceeded the statutory $24 million limitation. We responded to congressional inquiries regarding certain expenditures by treating the matter as an accounting issue and distinguishing direct or indirect support from direct and indirect costs. We noted that the legislative history gave no indication that all "indirect costs" conceivably related to the program must be charged against the cap and that we had charged costs in accordance with long-standing Agency accounting procedures. The SSCI found no problems with this explanation, but the majority members of HPSCI stated their belief that all direct and indirect costs of the program should have been charged against the cap.3/

The essential difference between the cap and the prohibition is that, in the former, the Agency had authorization for an ongoing program and could expend funds and account for them in some way until $24 million was reached; in Section 107 no expenditures can be charged against the Nicaraguan covert action program.

The only useful discussion of the meaning of the terminology "directly or indirectly" is found in the House Report on H.R. 2760, which attempted to impose an absolute ban on support for military/paramilitary operations in Nicaragua. The language of that bill is

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3/ Only one reference was made during the floor debate to the accounting practices utilized by the intelligence community in accounting for FY84 funds. Congressman Miller remarked:

> I would also suggest that the funding is illegal, because never have I seen such magnificant bookkeeping that can allow this $21 million to go the number of months that it has. They are always going to run out just before we take up the bill, but when the bill does not come out the way the intelligence community likes, then they are able to fund it for several months because somehow the economies are worked out. This is the most efficiently run war in history if they can make $21 million go this far. But we know that is not what is going on. There is diversion of other military sources and there is the raising of money in the private sector to support these mercenaries.

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similar to the wording of Section 107 and may be helpful in [redacted] what the House had in mind.4/ The section-by-section analysis of the relevant provisions [redacted] of "indirect support" in the context of support of entities outside Nicaragua which operate within Nicaragua. The specific example given to show the type of indirect support that would be prohibited was training conducted exclusively outside Nicaragua in preparation for military or paramilitary activity inside Nicaragua.

The report expressly noted that the section would not prohibit the collection, production or analysis of intelligence. Nor would it prohibit the provision of that intelligence to foreign governments, as long as the provision of such intelligence did not support military/paramilitary operations in Nicaragua by foreign nations or other entities.

G) RESTRICTION ON PLACE -- Section 107 prohibits the financial support of military or paramilitary activities in Nicaragua. Funding for any activity which would take place outside Nicaragua but would have the effect of supporting paramilitary operations inside Nicaragua would thus be forbidden.

H) RESTRICTION ON WHO DOES THE OPERATIONS -- The restriction against funding applies to paramilitary operations "by any nation, group, organization, movement, or individual." This wording effectively prohibits the Agency's funding of such activities via intermediaries.

Legislative History

4. The legislative history is helpful only for discerning the spirit behind Section 107. There is no analysis of the wording in 20 pages of floor debate. 130 CONG. REC. H8264-84

4/ OPERATIONS IN NICARAGUA

SEC. 801. (a) None of the funds appropriated for fiscal year 1983 or 1984 for the Central Intelligence Agency or any other department, agency, or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual. H.R. 2760, 98th Cong., 1st Sess. (1983).

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(daily ed. Aug. 2, 1984). Both those in favor of and those against the restriction agreed, however, that Section 107 bans the provision of any funds for military or paramilitary activities in Nicaragua and that the intent is to terminate U.S. assistance to the Contras.

C 0421

5. Congressman Boland stated in his opening remarks that the single issue is "disagreement on the effectiveness and appropriateness of a particular covert action to overthrow the government of another nation." Id. at 8266. He later added that "our policy does not strengthen democracy in Nicaragua" and that "(t)his secret war should end -- today." Id. at 8276. Congressman Hyde noted that Section 107 "forbids any assistance to the freedom fighters in Nicaragua..... No food, no medicine, no ammunition, not even moral support." Id. at 8269. The spirit of Section 107 is abundantly clear -- the House expects Section 107 to end U.S. assistance to the Contras.

6. While the drafters more than likely attempted to imitate the Clark Amendment's prohibition on assistance of any kind for paramilitary operations in Angola,5/ it can be argued that the Section 107 restriction is somewhat different. Unlike the Clark Amendment, this section limits all funds rather than all assistance and it could be thought, therefore, to permit certain activities precluded under the Clark Amendment. Section 107 can be read to allow assistance that either does not require funding by intelligence elements or that does not directly or indirectly support paramilitary operations.

Staff Salaries. [redacted]

7. With regard to the staff salaries [redacted] Section 107 would prohibit the obligation or expenditure of funds available to the

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5/ The Clark Amendment reads, in pertinent part:

Limitation on certain assistance to and activities in Angola

Sec. 401(a) Notwithstanding any other provision of law, no assistance of any kind may be provided for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless and until the Congress expressly authorizes such assistance by law enacted after the date of enactment of this section.

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Agency [redacted] for salaries [redacted] extent that those expenditures would have the effect of supporting paramilitary operations in Nicaragua. The question of allocation of these costs, which was an important point under the spending cap, is not an issue under the wording of Section 107. Since no funds can be obligated or expended in FY85, no covert action program by the U.S. which supports paramilitary operations in Nicaragua is possible.

C 0422

Provision of Aid by Third Countries

8. With regard to the provision of aid by third countries, Section 107 prohibits funding, not discussion. This issue also presents a gray zone subject to interpretation. Certainly asking other countries to provide aid on their own is not prohibited so long as there is no quid pro quo. If, however, the third country expected repayment from the U.S., such assistance would be forbidden. If such a country provided aid with the understanding that the U.S. would provide an equal amount for one of their programs, the Agency would be in violation of both the letter and the spirit of Section 107 and would be open to charges of deliberate circumvention of the law.

9. The more difficult question is the extent to which Agency personnel can be used to solicit third country assistance. In my view, when FY85 begins, Section 107 prohibits the payment of the salaries and expenses of personnel for solicitation of third country assistance because such efforts would have the effect of indirectly supporting paramilitary operations in Nicaragua. Once again, on the spectrum of possible Agency activities to solicit third country assistance, some efforts would clearly be prohibited and others are arguably authorized. Payment of the salary and expenses of an employee whose full-time was dedicated to soliciting such assistance would contravene the restriction. On the other hand, requests for assistance by [redacted] in the course of his normal duties presents a closer case.6/

10. Another hypothetical situation poses troubling legal questions: the use of Agency personnel as couriers for funds provided by third countries to the Contras. While I believe such activity would be prohibited by Section 107 if the courier's sole function was to pass those funds, if that item was a de minimis part of the courier's functions, it could be argued that no funds were expended for the restricted purpose.

6/ If the President tasks the representative of a nonintelligence agency to solicit such assistance in diplomatic or other channels, the letter of Section 107 would not appear to be violated, but such action might be viewed by supporters of the restriction as a violation of the spirit of that prohibition.

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11. In any event, under the requirement to keep Congress fully and currently informed concerning intelligence activities, the Agency would be required to advise the Committees of any plans to solicit third country assistance for the Contras.

C 0423

Conclusion

12. The congressional intent behind Section 107 is to stop covert U.S. assistance to the Contras. The House crafted the language of that section tightly in order to restrict in every way possible any obligations or expenditures by U.S. intelligence elements which would result in continued assistance to military or paramilitary activities in Nicaragua. Should that language remain in the final authorization act, in my view, any close cases would be viewed by the proponents of Section 107 as efforts to circumvent the statutory prohibition.

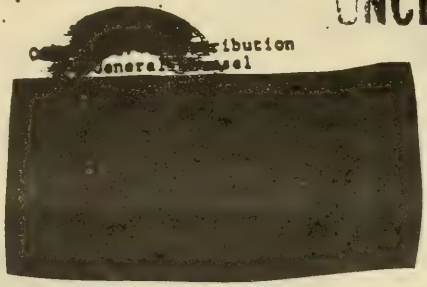
[redacted]

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Chapter 26 FN# 103

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

	ACTION		FILE
	APPROVAL	X	INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS John Poindexter

cc: Oliver North
Don Fortier
Jim Radzimski

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N 45024

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NSC/ICS CONTROL NO. 400053

COPY NO. 2 OF 5

26-103

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SYSTEM II
NSC/ICS-400053

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~TOP SECRET~~ January 15, 1985 N 45025

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaragua Options

Attached at Tab I is a paper which proffers policy options for Nicaragua. The basic paper and its attachments (Tabs A thru H) provide a detailed assessment of the current situation and various alternatives which we can pursue during the second Administration. In short, the paper concludes that the most prudent course of action, given the threat we face from the Soviets and their surrogates in Central America, is to seek Congressional approval for resuming our support to the Nicaraguan resistance.

Tabs A thru D describe the growing Soviet/bloc relationship with the FSLN and its increasing status as a Marxist-Leninist client state. Tabs E and F provide a detailed analysis of the resistance movement and options for restoring U.S. assistance. Tabs G and H outline additional activities (economic sanctions and political action) which could supplement a revitalized resistance program.

One of the most important issues on this trip is to determine what type of support to the resistance is most palatable to our friends in the region. Don Fortier is pursuing the same strategy with the leadership in Congress. Thus, Tab F (Options and Legislative Strategy) is particularly important as background for your meetings with Heads of State in the region. You should be aware that there is growing sentiment in the Congress for some type of "overt" support to the resistance--an alternative that is undoubtedly most unpalatable [redacted]

RECOMMENDATION

That you skim the attached notebook and review in detail Tab F, using the options provided in your discussions with Heads of State.

Approve _____ Disapprove _____

4401

Attachment
Tab I - Nicaragua Options Notebook
Tabs A thru H

Partial Declassification under provisions of E.O. [illegible] by [illegible], National Security Council

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~~Declassify~~: OADR

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Chapter 26 FN# 106
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Central Intelligence Agency

I/R-85/C-93

26-106

Washington D.C. 20505

17 FEB 1983

Mr. Russell B. Neely
Office of Management and Budget
Washington, D.C. 20503

Russ,

Attached is a copy of the letter you requested.

[redacted]

4/25/82

CL [redacted]
DECL OADR
DRV FROM COV 1-82

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Congress of the United States
House of Representatives
Washington, D.C. 20515

ADMINISTRATIVE ASSISTANT
DICK GEARHEART

COMMITTEE ON
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CHAIRMAN: DEFENSE
TREASURY-POST OFFICE
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Executive Registry
84- 10306

H 31162

December 11, 1984

Honorable George P. Shultz
Secretary of State
Washington, D. C. 20520

Dear Mr. Secretary:

As you are aware, the recently enacted H.J. Res. 648, making continuing appropriations for fiscal year 1985, contains a prohibition regarding assistance to tne "contras" fighting in Nicaragua. Recent reports have indicated that other countries are furnishing aid to the "contra" forces in order to keep them a viable military force exerting pressure on the Sandinistas. Of the countries identified in these reports as furnishing such aid, several are Central American neighbors of Nicaragua and are themselves recipients of U.S. foreign assistance funding. For example, El Salvador has been the recipient of increased U.S. aid since the election of President Duarte, and is identified in the reports as being one of the countries aiding the "contras". If these reports are accurate, I am concerned that countries receiving U.S. foreign assistance aid may be utilizing a portion of such aid to assist the "contras" and, in so doing, effect a rather devious contravention of the law prohibiting such aid.

I would apreciate receiving your thoughts on this issue as well as your assurance that no U.S. foreign assistance funding is being utilized to effect what amounts to "revolving door" aid to the "contras".

With best wishes,

Sincerely,

Joseph P. Addabbo
Member of Congress

3062

cc: Honorable Caspar W. Weinberger
Secretary of Defense

Honorable William J.Casey
Director of Central Intelligence

Declassified/Released on 30 July 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

-UNCLASSIFIED-

Chapter 26 FN# 107

UNCLASSIFIED

C 5284

SUBJECT: [redacted]estions[redacted]he Record re 28 January 1986 Covert [redacted]ction Update Briefing

26-107

QUESTION: The Joint Explanatory Statement that accompanied the Conference Report on H.R. 2419 specifically prohibited intelligence agencies from engaging in activities which would amount to participation in logistics activities integral to military or paramilitary operations in Nicaragua. The Advisory language accompanying the Presidential Finding for Nicaragua of January 9, 1986, states:

> "The CIA is authorized, to the extent not prohibited by law, to provide the armed resistance forces of the democratic opposition with assistance and non-lethal materiel support. Further, the CIA is authorized to share information with and give advice to the resistance, including but not limited to, intelligence and counterintelligence and advice on the effective delivery and distribution of materiel to the resistance."

-- How do you interpret "effective delivery and distribution of materiel to the resistance"? How will you ensure that advice you may give does not rise to training resistance forces in logistics activities?

ANSWER: Our interpretation of "effective delivery and distribution of materiel to the resistance" that is authorized by the 9 January 1986 Nicaragua Finding has been very conservative. Further, we recognize that Congress' intent is not crystal clear in this area as is evidenced by the exchange of letters between the Committee chairmen in early December 1985. Accordingly, we have been extremely judicious in providing advice and counsel to the armed forces of the Nicaraguan resistance. Moreover, in providing advice, we are mindful of the joint explanatory statement on Section 105 that accompanied the Intelligence Authorization Act, which directs that the intelligence agencies shall not engage in training or participate in logistics activities that are integral to the execution of military or paramilitary activities. To date, our assistance has consisted of [redacted] authorized by the Intelligence Authorization Act and [redacted] general advice that is not specific or essential to planning for executing military or paramilitary operations in Nicaragua. Examples of the advice we have provided are:

[redacted]

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[redacted] we not inv[redacted] in training the FDN or assisting them in olving th[redacted] current logistics problems. As we have briefed Committ[redacted] repeated[redacted] the past, the FDN requires cialized l[redacted]ics t[redacted]ng. Without this training, which we not curren[redacted]d to give, the resistance will be ed to [redacted] ratner resupplying them in the field.

[redacted]

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LO 44[redacted]

RELEASED FOR PUBLIC
Date 15 APR 87

26-108

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ACTION OFFICER:

- ☐ Prepare Memo For President
- ☒ Prepare Memo For Poindexter / Fortier
- ☐ Prepare Memo _____
- ☐ Prepare Memo McDaniel to Chew
- ☐ Prepare Memo McDaniel to Elliott
- to _____

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2562

CONCURRENCES/COMMENTS* PHONE* to action officer at ext. 2562

	FYI		FYI		FYI
☒	☐	Burghardt	☐ ☐	Levine	☐ ☐ Sachs
☐	☐	Cannistraro	☐ ☐	Linhard	☐ ☐ Sestanovich
☐	☐	Childress	☐ ☐	Mahley	☐ ☐ Sigur
☐	☐	Cobb	☐ ☐	Major	☐ ☐ Smith
☐	☐	Covey	☐ ☐	Mandel	☐ ☐ Sommer
☐	☐	Danzansky	☐ ☐	Marjeck	☐ ☐ Sosa
☒	☐	deGraffenreid	☐ ☐	May	☐ ☐ Stark
☐	☐	Djerejian	☐ ☐	Menges	☐ ☐ Steiner
☐	☐	Dobriansky	☐ ☐	Miller	☐ ☐ Tahir-Kheli
☐	☐	Donley	☒ ☐	North	☐ ☐ Teicher
☐	☐	Douglass	☐ ☐	Platt	☐ ☐ Thompson
☐	☐	Grimes	☐ ☐	Pugliaresi	☐ ☐ Tillman
☐	☐	Hughes	☐ ☐	Raymond	☐ ☐ Wigg
☐	☐	Kreemer	☐ ☐	Reger	☐ ☐ Wright
☐	☐	Laux	☐ ☐	Ringdahl	☐ ☐ _____
☐	☐	Lancaster	☐ ☐	Sable	☐ ☐ _____

INFORMATION

☒ Secretariat

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COMMENTS

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Return to Secretariat

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THE WHITE HOUSE

WASHINGTON

PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

April 8, 1986 N 33563

MEMORANDUM

FOR: JOHN M. POINDEXTER, VICE ADMIRAL, U. S. NAVY
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: The Legality of Providing Basic Military Training for the Nicaraguan Democratic Resistance

ISSUE: Can the Central Intelligence Agency or any other agency of the U.S. Government legally provide generic military training to the Nicaraguan democratic resistance?

SUMMARY: Yes, the Intelligence Authorization Act for FY 1986 does authorize the obligation or expenditure of funds by the Central Intelligence Agency, the Department of Defense, or other intelligence-related agencies of the U.S. Government to provide basic military training for the Nicaraguan democratic resistance so long as such training does not amount to the participation in the planning or execution of military or paramilitary operations in Nicaragua. Although the statutory language does not explicitly allow such training, the language of the Joint Explanatory Statement of the Conference Report, which can be used in interpreting the Act, prohibits only operational training, not generic military training. In addition, neither the passage of the legislation providing humanitarian aid, which specifically prohibits the use of these funds for military training, nor the recent defeat of proposed military aid to the Nicaraguan democratic resistance by the House of Representatives, alters the conclusion that the provision of basic military training is permissible under current law.

BACKGROUND: In October 1984 Congress terminated funding for military assistance to the Nicaraguan democratic resistance.[1] In April 1985 Congress voted to continue a strict prohibition on any assistance whatsoever for the Nicaraguan democratic resistance.[2] However, shortly thereafter, the President of Nicaragua, Daniel Ortega Saavedra, paid an official visit to Moscow, where on April 28, 1985 he signed the Soviet-Nicaraguan Cooperation Pact. Congress

[1] Intelligence Authorization Act for Fiscal Year 1984, Pub. L. No. 98-618, § 801, 98 Stat. 3304 (1984)

[2] 131 CONG. REC. H2391 (daily ed. April 24, 1985).

Partially Declassified / Released on ... under provisions of E.O. 12356 By R. Reger, National Security Council

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REMARKED CONFIDENTIAL WHEN SEPARATED FROM SECRET ANNEX

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then reversed itself on the issue of assistance for the Nicaraguan freedom fighters and, in a series of legislative enactments, allowed limited U.S. involvement with the democratic resistance. Specifically, Congress appropriated $27 million in humanitarian assistance,[3] approved the furnishing of intelligence and advice by the Central Intelligence Agency (CIA) to the Nicaraguan Democratic Force (FDN),[4] and approved the provision of communications equipment and training by the CIA.[5]

N 33564

In the aftermath of the congressional modification of the absolute ban on assistance to the FDN, a debate ensued over what kind of U.S. involvement with the FDN was legally permissible. The specific issue addressed in this memorandum is whether the provision of generic military training for the FDN is permissible under current law. Generic military training is training that is not keyed to any specific operation or operations and includes activities such as individual, unit, and technical training.

The question of training is a significant one since the FDN faces defeat by an increasingly professionalized Sandinista military. The Soviet and Cuban provision of sophisticated equipment such as the MI-24 HIND helicopters and other military equipment has augmented the fighting effectiveness of the Sandinista military.

[redacted]

Given the increased threat presented by the Sandinista military and the sophisticated counterinsurgency support that is being rendered by the Soviets and Cubans, there is an acute need to professionalize the FDN and other contra military units in order for them to survive in the increasingly hostile environment.

[redacted]

[3] Supplemental Appropriations Act, 1985, Pub. L. No. 99-88, 99 Stat. 324.

[4] Intelligence Authorization Act for Fiscal Year 1986, Pub. L. No. 99-169, 99 Stat. 1002.

[5] Id.

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[redacted]

However, this leaves unresolved the critical issue of whether, under existing legislation, the Central Intelligence Agency or other agencies of the U.S. Government are legally permitted to render such training to the Nicaraguan democratic resistance. N 33565

ANALYSIS: Of the two acts that modified the prohibition on U.S. Government involvement with the Nicaraguan democratic resistance, the most germane to this discussion is the Intelligence Authorization Act for Fiscal Year 1986. This act permits the provision of military training, while the legislation authorizing humanitarian assistance appears to explicitly prohibit the use of humanitarian aid funds for such a purpose.

I The Intelligence Authorization Act for Fiscal Year 1986 Permits the Provision of Basic Military Training.

As with any issue of statutory construction, one "must begin with the language of the statute itself."[6] The Intelligence Authorization Act for FY 1986 provides in relevant part:

> Sec. 105. (a) Funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1986 to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102, or pursuant to Section 502 of the National Security Act of 1947, or to Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88).[7] [Emphasis added]

§105 does not itself specify what kind of activities are allowed under the legislation. However, it makes specific reference to another section of the Intelligence Authorization Act and to sections of the two other acts. It should be noted that the three sections incorporated into Section 105 by reference are not cumulative in effect but stand independent of each other and the satisfaction of the requirements of any one of them will satisfy the requirements of Section 105. Therefore, if an examination of the other three sections reveals that any one of them allows for the provision of generic military training to the FDN then such conduct would be permissible under the Intelligence Authorization Act. In fact, such an examination demonstrates that one of the three sections in issue does authorize the expenditure for providing military training to the FDN, while the remaining two sections do not address the issue.

6 Bread Political Action Committee v. FEC, 455 U.S. 577, 580 (1982), quoting Dawson Chemical Co. v. Rohm & Haas Co., 448 U.S. 176, 187 (1980).

7 Supra, note 4 at 1003.

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1. Section 101 of the Fiscal Year 1986 Intelligence Authorization Act, as Specified in the Classified Schedule of Authorizations Referred to in Section 102 Does Authorize the Expenditure of Funds for the Provision of Information and Advice for the FDN.

On its face, Section 101 merely enumerates the elements of the U.S. Government for which funds are authorized to conduct intelligence and intelligence-related activities without reference to what specific activities are being authorized.[8] However, it is a well settled principle of statutory construction that extrinsic aids may be considered for purposes of interpretation when the statutory language ambiguous or unclear.[9] Therefore, a report issued by a conference committee representing both Houses can be used as an aid in construing ambiguous statutes[10] and, indeed, is generally considered to be the authoritative interpretation.[11] The Joint Explanatory Statement of the Conference Report provides that" "Classified amounts are authorized in Section 101 for intelligence agency infrastructure expenditures related to activities such as the provision of information and advice to the Nicaraguan democratic resistance . . ."[12] [Emphasis added]

Several things should be noted about the above language. First, Section 101 allows the provision of "information and advice" without further defining these concepts. It could mean basic military training.[13] Second, the phrase "information and advice" is conditioned by the words "such as" so that the permissible activities are not limited exclusively to providing "information and advice", however these terms are defined. In construing the statutory language, one must give effect, if

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[8] Id. at 1002

[9] N. SINGER, 2A SUTHERLAND STATUTORY CONSTRUCTION § 48.01 (1984).

[10] Id. at §48.08.

[11] Since the conference report represents the final statement of terms agreed to by both Houses of Congress, next to the statute itself, it is the most persuasive evidence of congressional intent. Demby v. Schweiker, 671 F.2d 507 (DC Cir. 1981)

[12] INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986, H. R. 99-373, 99th Cong., 1st Sess. 14 (1985)

[13] It is a well settled principle of statutory construction that, in the absence of explicit indications to the contrary, statutory terms are presumed to connote their common and accepted meanings. The common meaning of the term "advice" is to render a "recommendation regarding a decision or a course of conduct" and it "implies knowledge or experience, often professional or technical, on the part of one who advises." WEBSTER'S NINTH NEW COLLEGE DICTIONARY 59 (1983) Arguably, the provision of basic military training constitutes precisely the rendering of advice by someone who has the professional or technical knowledge of the subject matter and, hence, is authorized by the above section.

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possible, to every word of the statute.[14] Thus, the words "such as" must be given their proper effect and suggest that the above statutory enumeration of permissible activities is not exhaustive but merely illustrative. Finally, the availability of funding for the intelligence agency infrastructure could also be interpreted to mean approval for the funding of trainers. (See also the classified annex to this memorandum.)

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2. Section 502(b) of the National Security Act of 1947, as Contained in Section 401 of the Fiscal Year 1986 Intelligence Authorization Act Does Not Address the Issue Concerning What Activities Are Permissible Under the Act.

This section states that "Funds available to an intelligence agency may not be made available for any intelligence or intelligence-related activity for which funds were denied by the Congress."[15] In explaining this section, the Conference Report notes "The conferees have agreed to deny all funding requested by the administration for the paramilitary covert action program for Nicaragua."[16] However, following the statement cited above is the explanation that Section 502 does not apply to funds available pursuant to Section 101 of the Conference Report and the Classified Schedule of funds available pursuant to Section 106 of P. L. 98-88 (described below). The Conference Report then states that the specific congressional intent embodied in Section 502(b) is to make approval either of a reprogramming or of a transfer of funds the only way in which funds, materiel, or other assistance beyond what is authorized in Section 101 and the classified Schedule referred to in Section 102, and what is available under Section 106 of the Supplemental Appropriations Act, 1985, could be provided to the Nicaraguan democratic resistance. Overall, Section 502(b) merely precludes the use of the CIA's Reserve for Contingencies for involvement with the FDN and does not enhance our understanding of what is permissible under Section 105 of the Intelligence Authorization Act for FY 86.

3. Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88) Does Not Address the Issue of What Constitutes Permissible Activities.

This section merely provides the procedure for expedited Congressional consideration of a Presidential request for assistance for the Nicaraguan democratic resistance and does not address the issue of permissible activities by the CIA or other government entities.

Therefore, of the three acts through which funds can be authorized to be obligated or expended for assistance to the Nicaraguan democratic resistance, only Section 101 of the Intelligence Authorization Act

[14] Fidelity Federal Savings & Loan Assn. v. de la Cuesta, 458 U.S. 141, 163 (1982).

[15] Supra, note 4 at 1005.

[16] Supra, note 12 at 15.

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for FY 1986 can be construed to permit military training while the remaining statutory sections do not address this issue. This conclusion is reinforced by the explanation of Section 105, provided in the Conference Report.[17] The Joint Explanatory Statement notes:

> The conferees note that under current law and the restriction contained in Section 105 of this Conference Report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance. Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.[18] [Emphasis added]

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[17] The conference report is the most authoritative interpretation of legislative language. Supra, note 11. It supersedes the explanation on the specific matter in question provided in the Committee reports of either House. While the Senate version did not contain any statement regarding to the provision of information and advice to the contras, the House Report states that " . . . the prohibition that applies to supporting Nicaraguan insurgents or 'contras' applies only to the provision of funds, goods, equipment, civilian or military supplies, or any other material, but does not include the provision of intelligence information or advice to the contras." [Emphasis added] H.R. Rep. 99-106, Part 1, 99th Cong., 1st. Sess. 6 (1986). Arguably the explanation provided in the House Report can be construed to prohibit the provision of any training to the FDN. However, the other language in the House Report as well as the explanation of the House Report provided in the Conference Report undercuts the proposition the provision of that training was prohibited. The House Report refers to the prohibition of "any such funds with the effect of providing arms, ammunition or any other weapons of war." [emphasis added] Supra, note 12. Significantly, no mention is made of military training. Thus, even the House Report, standing alone, does not clearly rule out the provision of the training to the FDN. In any case, even assuming, arguendo, that it does prohibit the provision of military training, the House Report was superseded by the Conference Committee Report.

[18] Supra, note 12 at 16. It should be noted that, although Committee reports carry greater weight, Congressional debate can be referred to in order to interpret ambiguous or unclear language. SUTHERLAND STATUTORY CONSTRUCTION, supra note 9 at § 48.06. However, discussion in the Congress of this language does not further define what is meant by advice or training. See, e.g. 131 CONG. REC. H10294 (daily ed. November 19, 1985) (remarks of Cong. Hamilton); Id. at H10297 (remarks by Cong. Bonior); and 131 CONG. REC. S16074 (daily ed. November 21, 1985) (remarks of Senator Durenberger).

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The first sentence notes that "advice, including intelligence and counterintelligence advice" may be provided to the Nicaraguan democratic resistance. Although it does not state that training is included, neither does it indicate that it is excluded. In other words, advice is not defined as "intelligence and counterintelligence advice" to the exclusion of all other forms of advice. Rather, the Conference Report simply lists, as examples, the two types of advice that are permissible and, as written, is not exhaustive.[19]

The more critical language is contained in the second sentence. Training is prohibited other than communications training which has a special exemption. But the training that is prohibited is defined as training that amounts to "participation in the planning or execution of military or paramilitary operations in Nicaragua" or "to participation in logistics activities integral to such operations."

There are two possible interpretations of the above language. One would suggest that all military training is prohibited. It is arguable that all military training would amount to participation in the planning or execution of military or paramilitary operations in Nicaragua. However, it is a well accepted principle of statutory interpretation that all the particulars of the statutory language must be given their due weight and that the choice of a narrowly defined prohibition by the legislators implies their rejection of a broader prohibition. Therefore, since Congress, instead of drafting a clear-cut prohibition against all military training whatsoever, opted to prohibit only that training that amounts to participation in the planning or execution of military or paramilitary operations in Nicaragua, it follows that other forms of training are permissible.

Thus, the better view is that only the furnishing of advice or training with specific operational implications is prohibited, but not the provision of generic military training, i.e. individual, unit and technical training. Generic military training can be further defined as that sort of basic training that include instruction in individual soldiering skills such as marksmanship, camouflage, movement techniques, first aid techniques, transportation of wounded persons, communications techniques, supply, military discipline, crew served weapons training (including training in air defense weapons), personal hygiene, night training, intelligence reporting, patrolling techniques and construction of individual fortifications, etc. (See also the classified annex.)

The provision of training covered by these generic categories would not violate the prohibition against training that amounts to participation in the planning or execution of military or paramilitary operations in Nicaragua." [Emphasis added] Rather, the prohibited forms of activities are clearly distinguishable from those listed

[19] This is in keeping with the Conference Committee's understanding of Section 101 of the Intelligence Authorization Act which authorized "expenditures related to activities such as the provision of information and advice. . ." Supra, note 12 and accompanying text.

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above and would include U.S. Government participation in target selection, operational planning, and the integration of fire support and manuever keyed to specific targets and operations inside Nicaragua. This kind of training would be specifically referenced to the particular features of geography, demographics, climate, communications and transportation systems, Sandinista order of battle, and other conditions or circumstances inside Nicaragua. In other words, the prohibited training is operations oriented and specific in nature and can be clearly distinguished from generic military training which is not aimed at any particular circumstances or location. In contrast, basic military training that includes the list of individual soldiering skills listed above and the unit and technical training envisioned is not peculiar to any country or region and the involvement of the CIA, the Department of Defense or of any other intelligence agency in such training would not violate the prohibition against involvement in the planning or execution of paramilitary operations in Nicaragua.

II. Senate Legislation Authorizing Humanitarian Aid to the FDN Might be Construed to Prohibit the Use of the Humanitarian Aid Funds for Military Training.

Two relevant sections of the Nunn-Lugar Amendment to the Supplemental Appropriations Act, 1985 state:

> (g) As used in this section, the term "humanitarian assistance" means the provision of food, clothing, medicine, other humanitarian assistance, and transportation associated with the delivery of such assistance. Such term does not include weapons, weapons systems, ammunition, or any other equipment or materiel which is designed, or has as its purpose, to inflict serious bodily harm or death.
>
> (h) Nothing in this section precludes sharing or collecting necessary intelligence information by the United States.[20]

While training is not explicitly prohibited by the above statutory text, it appears from statements made by one of the Senate co-sponsors that it was meant to be excluded: For example, Senator Sam Nunn stated at one point that "it is clear that humanitarian assistance would not include training the Contras for military activity."[21]

The above statement, even if construed as a genuine congressional prohibition on the provision of military training, applies solely to the the humanitarian aid package, which was to

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[20] 131 CONG. REC S7628 (daily ed. June 6, 1985)

[21] 131 CONG. REC S7638-39 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Harkin). Such statements by a sponsor of the statute are considered to be an authoritative guide to statutory interpretation. North Haven Board of Education v. Bell 456 U.S. 512, 527 (1982)

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be administered by the Department of State, and is not applicable to funds authorized by the Intelligence Authorization Act.[22]

It is also significant that the attempts to amend the humanitarian aid legislation so as to explicitly prohibit training were defeated. An amendment proposed by Sen. Harkin would have defined the language "no materiel assistance" to include the "military training, advice, and activities in support of military operations."[23] In the House of Representatives, an attempt to amend the Michel amendment by Congressman Boland on similar grounds was defeated as well.[24] But, even if these amendments had been passed, they would have had an impact only on the humanitarian aid legislation.

III. The Legality of Military Training is not Affected by the Recent Defeat in the House of Representatives of the Request for Additional Authority and Assistance for the Nicaraguan Democratic Resistance.

On February 27, 1986 a Joint Resolution was introduced in the U.S. Congress requesting approval for additional assistance to the Nicaraguan democratic resistance.[25] Although the President's message did not make reference to military training, it was an open-ended request for authority to obligate and expend at least $70 million for military assistance out of the $100 million requested. Subsequently, a second message was sent to Congress further detailing how the funds were to be spent. Specific reference was made to various types of training which was to take place during the first ninety days following Congressional approval of the request.[26] Without commenting on whether the subsequent Presidential message represented a modification on the original Joint Resolution, it is clear that the defeat of the the entire package would not affect the legality of military training under current laws. The entire legislation was defeated[27] and not each of its separate parts

[22] It should be pointed out that no money was being appropriated through the Nunn-Lugar amendment for intelligence sharing and, in any case; the language of the amendment merely stated that such sharing was not precluded by the legislation. In addition, in a subsequent colloquy, training was proscribed by Senator Nunn but again, this was done in the context of the humanitarian aid funds and the discussion dealt only with the issue of how the word "materiel" was and defined, was not concerned with intelligence or advice. 131 CONG. REC. S7641-42 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Levin.

[23] 131 CONG. REC. S7731 (daily ed. June 7, 1985).

[24] 131 CONG. REC. H4143-53 (daily ed. June 12, 1985).

[25] 132 CONG. REC. S1788 (daily ed. February 27, 1986); and 132 CONG. REC. H741 (daily ed. February 27, 1986).

[26] President's Message to the Congress of the United States (March 19, 1986) at 2.

[27] 132 CONG. REC. H1493 (daily ed. March 20, 1986).

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and the enumerated activities to be funded contained a mix of activities both currently permissable as well as those that are prohibited.[28] Therefore, the defeat of the legislative initiative does not prohibit training as it does not change laws currently in effect.

CONCLUSION: The provision of generic military training is not precluded by current law so long as it is conducted outside of Nicaragua without being directly linked to the planning and execution of military or paramilitary operations in Nicaragua.

This memorandum does not address the issue of whether this activity is required to be reported under the provisions of the Hughes-Ryan Act. However, legal obligations aside, the history of the Central America program has demonstrated that it would be politically prudent to inform the appropriate congressional committees of this anticipated intelligence activity.

If training is to be provided there are several ways this could be accomplished. [redacted] In either case, it is legal under current law to provide this kind of basic training. It should be acknowledged that legislation currently being considered by Congress might change the law in this area. However, should the current law not be affected by pending legislation, the analysis in this memorandum would stand and the provision of basic military training would remain a legally permissible activity.

[28] For example, air defense equipment was to be provided during the first ninety days after passage of the legislation and it is currently prohibited. However, the funds made available through the act could also be used to promote activities that are currently legal as well, such as measures to support "democratic political and diplomatic activities" and military training. Therefore, the fact that the House of Representatives did not approve this measure does not mean that these latter activities are no longer legal, rather that the subsequent funding measure is defeated in toto.

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CLASSIFIED ANNEX

1. Infrastructure Expenditures: The Classified Annex to the Intelligence Authorization Act for Fiscal Year 1986 states that amounts authorized in Section 101 for CIA infrastructure may be expended for the provision of advice and information for the FDN. In light of the definite of "advice" contained in the attached memorandum, funds for the CIA infrastructure could be used to provide generic military training to the FDN. Whether there are sufficient funds committed for infrastructure in the current budget to accomplish a complete training program, or only enough to complete certain designated technical training programs is uncertain. Pending passage of the President's proposal, the latter may be all that can be accomplished. (TS)

2. Technical Training: [redacted] (S)

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Classified by: Multi Sources
Declassify on: OADR

Chapter 24
F 10-108

~~TOP SECRET~~ [redacted]
UNCLASSIFIED
C 0922

OGC-85-53751
19 December 1985

NOTE FOR: Director of Central Intelligence
Deputy Director of Central Intelligence
Executive Director

FROM: Stanley Sporkin
General Counsel

SUBJECT: Nicaragua Finding

1. With respect to Danny Child's concern, I believe that section 105 and its history clearly support the provision of intelligence and advice to the Nicaraguan democratic resistance, including advice on general matters, such as effective delivery and distribution of materiel (i.e., not merely material, but military equipment), so long as this does not include participation in the planning or conduct of military/paramilitary activities, including logistical operations integral to those activities in Nicaragua by the resistance. Thus, while advice on logistical matters not "integral" to military operations would be acceptable, there is a fine line to be drawn and greater cause for concern the closer the CIA role approaches the provision of advice that supports specific military operations.

2. While we can legally defend our authority to carry out the activities called for in this Finding and [redacted], I think this is something that will have to be worked out with the Committees in order to maintain a consensus on the program and avoid the kinds of charges we faced under the original Boland amendment.

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Stanley Sporkin

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~~TOP SECRET~~ [redacted]

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REVIEWED FOR RELEASE
Date 26 March 87
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U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

WASHINGTON, DC 20515

Executive Registry
85- 3919/3

December 4, 1985

C 0923

Honorable William J. Casey
Director of Central Intelligence
Washington, D. C. 20505

Dear Mr. Casey:

The Joint Explanatory Statement that accompanies the conference report on H.R. 2419 says the following:

> "Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations."

This sentence might suggest to some that all the conferees sought to prohibit with respect to logistics activities was physical participation therein. Senator Durenberger's statement to the Senate suggested that "advice on matters such as effective delivery and distribution of material" could be provided. As my own colloquy with Congressman Bonior on the House floor would indicate, however, the correct reading is that the phrase "participation in logistics activities" includes planning or providing advice. The conferees did not intend to prohibit military advice on all aspects of paramilitary or military operations except logistics operations. As I said in conference and while explaining the conference report to the House, intelligence personnel are not to act as military advisors to the contras. This certainly includes advising them on logistical operations upon which military or paramilitary operations depend for their effectiveness. That is the agreement that was struck by the conferees with regard to the category of military advice.

With best wishes, I am

Sincerely yours,

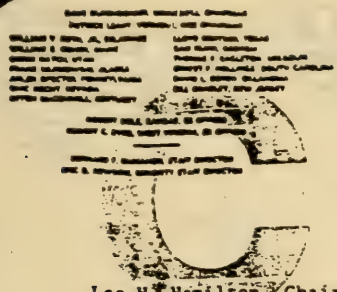
Lee H. Hamilton
Chairman

cc: Senator Dave Durenberger
Senator Patrick J. Leahy

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REVIEWED FOR RELEASE
Date 24 March 87
HSC & SSC

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UNCLASSIFIED

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510

Executive Registry
85- 3919/4

185-4118

December 5, 1985 C 0924

Lee H. Hamilton, Chairman
U.S. House of Representatives
Permanent Select Committee on
Intelligence
Washington, D.C. 20515

Dear Lee:

Thanks for sending me a copy of your letter to the DCI of December 4, 1985, concerning the conference agreement on Section 105 of the FY 1986 Intelligence Authorization Act.

I really do not think we have a problem with respect to interpretation of the permissable bounds of intelligence advice to the Nicaraguan democratic resistance. I certainly would agree with you that advice on logistics activities integral to the effectiveness of particular military or paramilitary operations is precluded if it would "amount to" participation in such activities, even if there is no physical participation. At the same time, I'm sure you would agree that the conferees did not mean to place the entire subject of logistics off limits. We certainly would, for example, want to encourage advice on logistics related to the effective distribution of humanitarian and communications assistance.

Thus, it seems to me that the crucial distinction is not between the oral and the physical, but rather between general logistical advice (or logistical advice related to humanitarian or communication assistance) and advice that amounts to participation in logistics activities integral to military or paramilitary operations. The latter is what we clearly meant to prohibit and what our oversight must prevent.

Sincerely,

[illegible]
Chairman

cc: Senator Leahy
William J. Casey

Declassified/Released 4/25/88
under provisions of E.O. 12356
by B. Koch, National Security C.

REVIEWED FOR RELEASE
DATE 24 March 87
ASC & SSC

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U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

WASHINGTON, DC 20515

Executive Registry
85- 3919/5

C 0925

December 9, 1985

Louis

Honorable Dave Durenberger
Chairman
Senate Select Committee on Intelligence
Washington, D.C. 20510

Dear Dave:

Thanks for your letter of December 5 concerning logistical advice to the contras.

I do agree with you that the Conferees on the FY 1986 Intelligence Authorization Act did not put the entire subject of logistics off limits. However, we did constrain CIA activities in significant ways. Further, the Supplemental Appropriations Act for FY 1985 also constrains the CIA. The Agency is not to participate in any way in the distribution of humanitarian assistance. The Agency may only provide advice and support to other U.S. government agencies responsible for the distribution of the assistance. Thus, the Act makes clear direct CIA logistical advice on the effective distribution of humanitarian assistance is not appropriate. The Conference Report does not amend the Supplemental Appropriations Act.

The other problem, as I see it, is that logistical advice on how to distribute food inside Nicaragua is as useful for the distribution of ammunition as it is for food. Both items are essential for the conduct of military and paramilitary operations in Nicaragua. Thus, advice in this area can well be seen as military advice to the contras. It would ill serve the Agency to become embroiled in controversy at this juncture regarding a matter about which Congress has expressed such repeated reservations.

With best wishes, I am

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Sincerely yours,

Lee H. Hamilton
Chairman

cc: Hon Patrick J. Leahy
Vice Chairman
Senate Select Committee on Intelligence

Hon William J. Casey
Director of Central Intelligence

1/15/85

REVIEWED FOR RELEASE
Date 24 March 87
HSC & SSC

CHAPTER 27. RULE OF LAW

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 28. RECOMMENDATIONS

THIS CHAPTER DOES NOT CONTAIN FOOTNOTES.

MINORITY REPORT

CHAPTER 1. INTRODUCTION

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 2. THE FOREIGN AFFAIRS POWERS AND THE FRAMERS' INTENTIONS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 3. THE PRESIDENT'S FOREIGN POLICY POWERS IN EARLY CONSTITUTIONAL HISTORY

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 4. CONSTITUTIONAL PRINCIPLES IN COURT

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

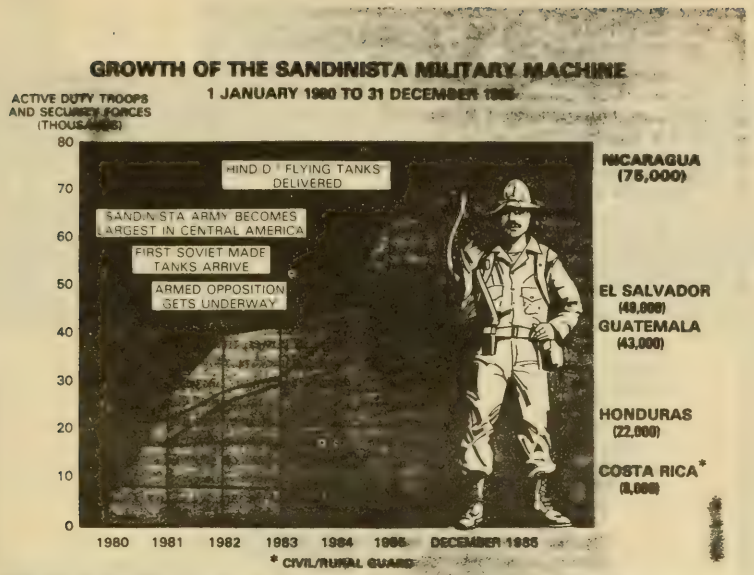
CHAPTER 5. NICARAGUA: THE CONTEXT

5-3

THE CHALLENGE TO DEMOCRACY IN CENTRAL AMERICA



RELEASED by the DEPARTMENT of STATE and DEPARTMENT of DEFENSE
JUNE 1986
WASHINGTON, D.C.



Militarization of the Central American region has been caused by the Sandinista military buildup. The Sandinistas had created the largest armed forces in Central America only 18 months after coming into power, and more than a year before the armed democratic resistance became a significant factor.

regime commenced. This intense buildup, resulting from Soviet-bloc assistance, started while the United States was giving the Sandinistas millions of dollars in economic aid.

That the Sandinistas did not consider themselves threatened by armed opposition was inadvertently revealed by no less an authority than Carlos Tunnermann, Managua's Ambassador to the United States. Writing in the 30 March 1985 *Washington Post,* Tunnermann attempted to blame the United States for all of Nicaragua's woes. He wrote that prior to November 1981, the date he claims that the United States decided to assist the Nicaraguan armed resistance, "there were only a few hundred ex-GN [Somoza's National Guard] soldiers staging sporadic raids on farms along the border. Their principal occupations were cattle-rustling and extortion."[24] In short, the Sandinistas perceived no military threat. But by November 1981, the response to these few hundred "cattle rustlers" included a Sandinista army of almost 40,000, and Soviet-made tanks, artillery, and armored personnel carriers.

The Sandinista armed forces are organized along Cuban lines, just as Castro's military follows the organizational structure of the Soviet Union. To facilitate this design of an "Eastern European" military, there are more than 3,000 Cuban, and more than 100 Soviet and East European, military and security advisers in Nicaragua. The Sandinista armored force today totals about 350 tanks and armored vehicles (Somoza had 28). The rest of the Central American countries' *combined* armored force totals about 200, and the few tanks in this total have considerably less fire power than the Soviet-made T-55 tanks, the backbone of the Sandinista arsenal. Soviet-made armored personnel carriers could provide the Sandinista infantry a mobility unmatched in the region. The Sandinistas also can boast of Soviet-made artillery with a range greater than the artillery in some U.S. Army divisions.

Many supporters of the Sandinistas minimize the importance of the tanks the Soviets have provided to their newest clients. They claim the tanks are useless in "the mountains and jungles" of Central America. These

5-5

The Sandinista Military Build-Up:

An Update



Released by the Department of State and the Department of Defense

October 1987

The remainder of Somoza's armor consisted of 25 antiquated Staghound armored cars.

The Sandinistas began building an armored force of unrivaled size and firepower in Central America. Crews and mechanics for tanks and other vehicles were sent to Cuba for training. Facilities to support the forthcoming arsenal were built.

The first Soviet-built T–55 tanks arrived in mid-1981. The T–55, weighing 36 metric tons and armed with a 100-millimeter gun, can outgun any tank in the region. Formerly the Soviets' main battle tank, it still is being used by Warsaw Pact armies. The Sandinistas used the T–55s to form their first armored battalion, based just outside Managua. By 1982, the Sandinistas had obtained a sufficient number of T–55s to organize a second armored battalion. By the end of 1984, they had acquired more than 110 T–55 tanks, enough to form 5 armored battalions.[3]

In 1984, the Soviets provided the Nicaraguans with about 30 PT–76 light tanks. This amphibious tank, armed with a 76-millimeter gun, fords rivers easily and can maneuver in some of the difficult terrain found in parts of Nicaragua.

The Soviets, through their allies, also have equipped the Sandinista army with more than 250 armored vehicles, mostly BTR–60 and BTR–152 armored personnel carriers. These vehicles are armed with a machinegun and can carry a squad of infantry. The first BTR–60s began arriving in mid-1981. The EPS also has received Soviet-made command vehicles and BRDM–2 amphibious armored reconnaissance vehicles. The Sandinistas now have formed two mechanized infantry brigades.

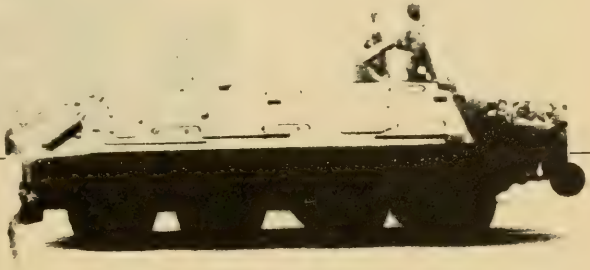
The terrain in certain parts of Nicaragua is well suited to armored operations, although in other parts of the country the terrain imposes con-



Nicaragua has a higher percentage of its population on active military duty than any other country in Latin America, except Cuba.



Somoza had 25 antiquated armored cars; the Sandinistas now have over 250. The BRDM–2 (left) is fully amphibious and armed with a machinegun. The BTR–152 (right) carries up to 17 infantry troops, and the BTR–60 (below) can transport a squad of infantry.



craft, that is, the need for lengthy pilot training and the construction of airfields, the FAS grew slowly in its early years. The first fixed wing aircraft added to the inventory were older and unsophisticated models, such as Soviet-made AN-2s. In 1982, they acquired four Italian-made SF-260 trainer/tactical support aircraft from Libya. Six Soviet-made AN-26 medium transports have significantly improved the Sandinistas' logistics support capabilities.

The Sandinistas' helicopter inventory has grown more rapidly. The great majority of these craft have been obtained from the Soviets and their allies. In 1981, the first two Soviet Mi-8/17 HIP medium-lift helicopters arrived. The following April, the Soviets formally donated the HIPs to the Sandinistas, explaining that they were to be used to help develop the Atlantic Coast region of Nicaragua. In fact, the HIP is one of the Soviet Union's front-line combat helicopters and can be armed with machinegun and rocket pods. The Sandinistas have received more than 40 HIPs and have used them extensively in military operations. The Sandinistas also have acquired Polish-built Mi-2/HOPLITE utility/cargo helicopters.

In late 1984, the Sandinistas received the first of a new generation of helicopter gunships, the Mi-24/HIND D. This is the Soviets' principal attack helicopter, and it has been used extensively by the Soviets against resistance forces in Afghanistan. One of the most highly sophisticated attack helicopters in the world, it holds the world military helicopter speed record and can be armed with a multiple-barrel machinegun, guided missiles, rocket pods, and bombs.

The HIND's heavy armor, coupled with its high speed, greatly reduces its vulnerability to small arms fire.[9] Acquisition of the HIND D adds a new dimension to warfare in Central America. Key targets in Honduras, Costa Rica, and El Salvador are all within the reach of this flying "tank." Some 12 Mi-24s have been delivered to Nicaragua and have been used against internal resistance forces.

Top FSLN leaders have repeatedly proclaimed their desire to acquire high-performance jet fighters. Nicaraguan pilots and mechanics reportedly have been undergoing training in Cuba and eastern Europe since the early 1980s. In 1982, with Cuban assistance, the Sandinistas began constructing the Punta Huete airfield in an isolated area northeast of Managua. The principal runway at Punta Huete is 10,000 feet in length, making it the longest military runway in Central America. It can accommodate any aircraft in the Soviet-bloc inventory. Sixteen revet-



In 1983, the Sandinistas acquired their first two Soviet-built AN-26 transports. They now have six.

The Mi-8/17 HIP is one of the Soviets' principal combat helicopters. It can be armed with a machinegun, rocket pods, and antitank missiles. Some HIPs also serve as transports for Sandinista troops and their equipment. The Sandinistas have received more than 40 HIPs.



CHAPTER 6. THE BOLAND AMENDMENTS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 7. WHO DID WHAT TO HELP THE DEMOCRATIC RESISTANCE

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 8. THE IRAN INITIATIVE

8-29

PRINCETON UNIVERSITY
WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
29 SEPTEMBER 1987

CIA AND THE MAKING OF AMERICAN FOREIGN POLICY

BY ROBERT M. GATES
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

INTRODUCTION

OVER THE YEARS, PUBLIC VIEWS OF CIA AND ITS ROLE IN AMERICAN FOREIGN POLICY HAVE BEEN SHAPED PRIMARILY BY MOVIES, TELEVISION, NOVELS, NEWSPAPERS, BOOKS BY JOURNALISTS, HEADLINES GROWING OUT OF CONGRESSIONAL INQUIRIES, EXPOSES BY FORMER INTELLIGENCE OFFICERS, AND ESSAYS BY EXPERTS WHO HAVE NEVER SERVED IN AMERICAN INTELLIGENCE AND BY SOME WHO HAVE SERVED AND STILL NEVER UNDERSTOOD OUR ROLE. WE ARE SAID TO BE AN INVISIBLE GOVERNMENT AND YET ARE THE MOST VISIBLE, MOST EXTERNALLY SCRUTINIZED AND MOST PUBLICIZED INTELLIGENCE SERVICE IN THE WORLD. WHILE WE SOMETIMES ARE ABLE TO REFUTE PUBLICLY ALLEGATIONS AND CRITICISM AGAINST US, USUALLY WE MUST REMAIN SILENT. THE RESULT IS A CONTRADICTORY MELANGE OF IMAGES OF CIA AND VERY LITTLE UNDERSTANDING OF OUR REAL ROLE IN AMERICAN GOVERNMENT.

TONIGHT, I WOULD LIKE TO TRY TO ILLUMINATE, AND I HOPE EXPAND, YOUR UNDERSTANDING OF CIA'S ROLE IN THE MAKING OF AMERICAN FOREIGN POLICY.

THIS ROLE TAKES THREE BROAD FORMS:

-- FIRST, CIA IS RESPONSIBLE FOR THE COLLECTION, ANALYSIS AND DISTRIBUTION OF INTELLIGENCE INFORMATION TO POLICYMAKERS, PRINCIPALLY THE PRESIDENT, THE NATIONAL SECURITY COUNCIL AND THE DEPARTMENTS OF STATE AND DEFENSE -- ALTHOUGH IN RECENT YEARS MANY OTHER DEPARTMENTS AND AGENCIES HAVE BECOME MAJOR USERS OF INTELLIGENCE. THIS IS A WELL KNOWN AREA, AND I WILL SPEAK OF IT ONLY SUMMARILY.

-- SECOND, CIA IS CHARGED WITH THE CONDUCT OF COVERT ACTION, THE ONE AREA WHERE WE IMPLEMENT POLICY. THIS IS A SUBJECT SO COMPLEX AND SO CONTROVERSIAL AS TO REQUIRE SEPARATE TREATMENT AT ANOTHER TIME, ANOTHER PLACE.

-- THIRD, AND MOST SIGNIFICANT, CIA'S ROLE IS PLAYED OUT IN THE INTERACTION, PRIMARILY IN WASHINGTON, BETWEEN CIA AND THE POLICY COMMUNITY. IT IS IN THE DYNAMICS OF THIS RELATIONSHIP THAT THE INFLUENCE AND ROLE OF CIA ARE DETERMINED -- WHETHER CIA'S ASSESSMENTS ARE HEEDED OR NOT, WHETHER CIA'S INFORMATION IS RELEVANT AND TIMELY ENOUGH TO BE USEFUL, AND WHETHER CIA'S RELATIONSHIP WITH POLICYMAKERS FROM ISSUE TO ISSUE AND

PROBLEM TO PROBLEM, IS SUPPORTIVE OR ADVERSARIAL. IT IS THIS DYNAMIC INTERACTION OF INTELLIGENCE AND POLICY THAT IS THE LEAST WELL UNDERSTOOD AND IT IS THIS AREA THAT I WILL FOCUS ON TONIGHT.

THE DIRECTOR OF CENTRAL INTELLIGENCE, THE DCI, SERVES BOTH AS DIRECTOR OF CIA AND HEAD OF THE UNITED STATES INTELLIGENCE COMMUNITY, WHICH ENCOMPASSES CIA; THE DEFENSE INTELLIGENCE AGENCY; THE NATIONAL SECURITY AGENCY; THE INTELLIGENCE COMPONENTS OF THE DEPARTMENTS OF STATE, TREASURY, ENERGY, AND THE FOUR MILITARY SERVICES; AND THE FBI. OF THESE, ONLY CIA IS COMPLETELY INDEPENDENT OF ANY POLICY DEPARTMENT OR AGENCY AND ACCEPTS REQUESTS FOR INTELLIGENCE SUPPORT FROM THROUGHOUT THE EXECUTIVE BRANCH. IT IS THE DCI AND CIA THAT SERVE AS THE PRINCIPAL CONDUITS OF INTELLIGENCE TO THE PRESIDENT AND NATIONAL SECURITY COUNCIL PRINCIPALS.

WHAT THEN, DOES CIA DO? BECAUSE OF THE MEDIA'S FOCUS ON COVERT ACTION, I WOULD LIKE TO SAY FIRST OF ALL THAT OVER 95 PERCENT OF THE NATIONAL INTELLIGENCE BUDGET IS DEVOTED TO THE COLLECTION AND ANALYSIS OF INFORMATION. ABOUT THREE PERCENT OF CIA'S PEOPLE ARE INVOLVED IN COVERT ACTION.

COLLECTION AND ANALYSIS

NOW, IF WE ARE NOT SPENDING MOST OF OUR TIME AND MONEY ATTEMPTING TO OVERTHROW GOVERNMENTS, WHAT EXACTLY DOES CIA DO? AS JOHN RANELAGH SAYS IN HIS HISTORY OF CIA, "TO THE PRESENT THE CIA IS AN ECHO OF ITS FOUNDERS. ITS JOB IS NOT TO FIND ENEMIES BUT TO DEFINE THEM. ITS THEME IS THE SUBSTITUTION OF INTELLIGENCE FOR FORCE." CIA DEVOTES THE OVERWHELMING PREPONDERANCE OF ITS RESOURCES TO MONITORING AND REPORTING ON DAY TO DAY DEVELOPMENTS AROUND THE WORLD, AND DETERMINING AND RESPONDING TO POLICYMAKERS' LONGER RANGE REQUIREMENTS FOR INFORMATION AND ANALYSIS.

WHAT IS INTELLIGENCE INFORMATION AND HOW IS IT USED BY THE POLICYMAKER? OUR INFORMATION COMES FROM SATELLITES; NEWSPAPERS, PERIODICALS, RADIO, AND TELEVISION WORLDWIDE; DIPLOMATS AND MILITARY ATTACHES OVERSEAS; AND, OF COURSE, FROM SECRET AGENTS. THAT INFORMATION FLOWS TO WASHINGTON WHERE ANALYSTS, WITH BACKGROUNDS IN SCORES OF DISCIPLINES, SIFT THROUGH IT, EXAMINE IT, COLLATE IT, AND TRY TO MAKE SENSE OF THE BILLIONS OF BITS AND PIECES THAT COME TO US ON ISSUES AND DEVELOPMENTS WORLD-WIDE OF INTEREST TO THE UNITED STATES. WE THEN REPORT OUR FINDINGS TO POLICY OFFICIALS AND TO THE MILITARY.

WHAT CLEARLY DISTINGUISHES INFORMATION SUITABLE FOR INTELLIGENCE EXPLOITATION IS ITS RELEVANCE TO US POLICY AND US INTERESTS. IT IS THE COMPREHENSIVENESS OF OUR COLLECTION AND ANALYSIS, THEIR FOCUS ON THE NATIONAL SECURITY INTERESTS OF THE UNITED STATES, AND THE ADVANTAGE OF UNIQUE OR PRIOR KNOWLEDGE, THAT MAKE INTELLIGENCE VALUABLE TO THE POLICYMAKER. OFTEN, WE MAKE A CONTRIBUTION SIMPLY THROUGH OUR ABILITY TO ORGANIZE THE FACTS IN A CLEAR AND CONCISE WAY, BY PROVIDING THE SAME FACTS TO DIFFERENT ORGANIZATIONS, AND BY IDENTIFYING THE IMPORTANT QUESTIONS -- AND BY TRYING TO ANSWER THEM.

THIS INFORMATION FINDS ITS WAY TO THE POLICYMAKER IN SEVERAL WAYS:

-- FIRST, INTELLIGENCE ON DAY TO DAY EVENTS AND DEVELOPMENTS AROUND THE WORLD IS PROVIDED TO SENIOR OFFICIALS DAILY OR EVEN SEVERAL TIMES A DAY.

-- SECOND, THE CIA CONTRIBUTES ANALYSIS TO POLICY PAPERS DESCRIBING BOTH EVENTS AT HAND AND POTENTIAL OPPORTUNITIES OR PROBLEMS FOR THE UNITED STATES. NEARLY ALL NSC AND SUB-CABINET MEETINGS BEGIN WITH AN INTELLIGENCE BRIEFING.

-- THIRD, NATIONAL INTELLIGENCE ESTIMATES CAN PLAY AN IMPORTANT ROLE IN THE MAKING OF POLICY. THESE ESTIMATES ARE THE MOST FORMAL EXPRESSION OF THE INTELLIGENCE COMMUNITY'S VIEWS. ALL OF THE INTELLIGENCE AGENCIES OF THE GOVERNMENT BOTH CONTRIBUTE TO AND COORDINATE ON WHAT IS SAID IN THESE ESTIMATES.

-- FOURTH, POLICYMAKERS RECEIVE SPECIALIZED ASSESSMENTS BY INDIVIDUAL AGENCIES. CIA'S ASSESSMENTS OR RESEARCH PROGRAM IS THE PRODUCT OF THE LARGEST INTELLIGENCE COLLECTION AND ANALYSIS ORGANIZATION IN THE WORLD. THE RANGE OF ISSUES IS BREATHTAKING -- FROM STRATEGIC WEAPONS TO FOOD SUPPLIES; EPIDEMIOLOGY TO SPACE; WATER AND CLIMATE TO THIRD WORLD POLITICAL INSTABILITY; MINERAL AND ENERGY RESOURCES TO INTERNATIONAL FINANCE; SOVIET LASER WEAPONS TO REMOTE TRIBAL DEMOGRAPHICS; CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION TO COMMODITY SUPPLIES; AND MANY, MANY MORE.

CIA-POLICY RELATIONSHIPS

SO FAR, SO GOOD. WHAT I HAVE JUST REVIEWED IS A TEXTBOOK DESCRIPTION OF THE ROLE OF INTELLIGENCE. IT IS NEAT, UNAMBIGUOUS, CLINICAL, NON-CONTROVERSIAL, EVEN COMMENDABLE -- AND HIGHLY MISLEADING. WHAT ABOUT USERS WHO LOOK NOT FOR DATA OR UNDERSTANDING, BUT FOR SUPPORT FOR DECISIONS ALREADY MADE; OR THOSE WHO SELECTIVELY USE OR MISSTATE INTELLIGENCE TO INFLUENCE PUBLIC DEBATE OVER POLICY; OR USERS WHO LABEL INTELLIGENCE THEY DISLIKE AS TOO SOFT, TOO HARD OR COOKED; OR INTELLIGENCE OFFICERS WITH THEIR OWN AGENDAS OR BIASES; OR THE IMPLICATIONS FOR INTELLIGENCE AND POLICY OF A CIA DIRECTOR HELD AT TOO GREAT A DISTANCE FROM THE PRESIDENT OR ONE WHO IS HELD TOO CLOSE; OR THE FRUSTRATIONS OF CONSTANTLY CHANGING EVALUATIONS, OR ANALYSIS THAT IS JUST PLAIN WRONG; OR THE USE OF INTELLIGENCE AS A POLITICAL FOOTBALL BETWEEN GOVERNMENT DEPARTMENTS OR BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES? THE ATTITUDES AND BEHAVIOR OF OFFICIALS IN CIA AND POLICY AGENCIES THAT LIE BEHIND THESE AND MANY SIMILAR ISSUES AND THE INTERACTION AMONG THEM COMPRISE THE DYNAMIC OF THE RELATIONSHIP -- WHAT PROFESSOR YEHOSHAFAT HARKABI OF HEBREW UNIVERSITY OF JERUSALEM DESCRIBES AS "THE INTELLIGENCE-POLICYMAKER TANGLE."

IN 1949, SHERMAN KENT, IN HIS BOOK STRATEGIC INTELLIGENCE FOR AMERICAN WORLD POLICY, SAID "THERE IS NO PHASE OF THE INTELLIGENCE BUSINESS WHICH IS MORE IMPORTANT THAN THE PROPER RELATIONSHIP BETWEEN INTELLIGENCE ITSELF AND THE PEOPLE WHO USE ITS PRODUCT. ODDLY ENOUGH, THIS RELATIONSHIP, WHICH ONE WOULD EXPECT TO ESTABLISH ITSELF AUTOMATICALLY, DOES NOT DO THIS."

THE FACT IS THAT, OVER THE YEARS, THE POLICYMAKER AND THE INTELLIGENCE OFFICER HAVE CONSISTENTLY -- AND WITH FRIGHTENINGLY FEW EXCEPTIONS -- COME TOGETHER HUGELY IGNORANT OF THE REALITIES AND COMPLEXITIES OF EACH OTHER'S WORLD -- PROCESS, TECHNIQUE, FORM AND CULTURE. CIA OFFICERS CAN TELL YOU IN EXCRUCIATING DETAIL HOW FOREIGN POLICY IS MADE IN EVERY COUNTRY IN THE WORLD SAVE ONE — THE UNITED STATES. BY THE SAME TOKEN, AS SUGGESTED BY PROFESSOR HARKABI, THE UNHAPPINESS OF INTELLIGENCE PEOPLE SWELLS "WHEN THEY COMPARE THE SOPHISTICATION AND ADVANCED METHODS EMPLOYED IN COLLECTION OF THE INFORMATION AND THE PRODUCTION OF INTELLIGENCE AGAINST THE CAVALIER FASHION OR IMPROVISATION WITH WHICH POLICY DECISIONS ARE MANY A TIME REACHED."

BOOKSHELVES GROAN UNDER THE LITERATURE OF PROPOSED RULES OF ENGAGEMENT WHEN THESE TWO WORLDS COLLIDE. IN 1956, FOR EXAMPLE, ROGER HILSMAN WROTE THAT INTELLIGENCE PRODUCERS MUST "ORIENT THEMSELVES FRANKLY AND CONSCIOUSLY TOWARD POLICY AND ACTION ... ADAPTING TOOLS EXPRESSLY TO THE NEEDS OF POLICY."

OTHERS, AS DESCRIBED IN ONE INTELLIGENCE MONOGRAPH, ARGUED THAT "THE INTELLIGENCE PRODUCER SHOULD INITIATE NO DIRECT INTERACTION WITH HIS CONSUMERS, BUT RATHER SHOULD RESPOND TO REQUESTS FOR DATA AND ANALYSIS."

SHERMAN KENT OF YALE AND THEN OF CIA WAS PERHAPS THE FIRST OF THE EARLY INTELLIGENCE COMMENTATORS TO SEE THE NEED FOR A DIFFERENT, MORE DIRECT AND INTENSIVE INTERACTION BETWEEN POLICYMAKER AND INTELLIGENCE OFFICER. WARNING THAT PROTECTING THE OBJECTIVITY OF THE INTELLIGENCE ANALYST COULD BE LIKENED TO PILING ARMOR ON A MEDIEVAL KNIGHT UNTIL HE WAS ABSOLUTELY SAFE BUT COMPLETELY USELESS, KENT CONCLUDED THAT THE GREATER DANGER TO AN EFFECTIVE ROLE WAS IN BEING TOO DISTANT. EVEN SO, HE FORESAW A TROUBLED RELATIONSHIP -- THAT INTELLIGENCE OFFICERS' SKEPTICISM OF POLICYMAKERS' OBJECTIVITY -- AND THE LATTER'S CONSEQUENT RESENTMENT -- WOULD STULTIFY A FREE GIVE AND TAKE BETWEEN THEM; THAT POLICYMAKERS WOULD SEE THE VERY FACT OF CIA ASSESSMENTS AS AN INSULT TO THEIR OWN INTELLECTUAL CAPABILITIES; THAT SECURITY CONCERNS BY EACH PARTY WOULD ENCOURAGE WARINESS AND RETICENCE. AND, IN TRUTH, THESE AND OTHER DIFFICULTIES STILL LARGELY SHAPE CIA'S ROLE IN FOREIGN POLICY PROCESS.

LET ME ELABORATE ON THESE DIFFICULTIES -- ON THE REALITY OF A ROUGH AND TUMBLE WORLD -- BASED ON PERSONAL EXPERIENCE IN BOTH WORLDS AT DIFFERENT TIMES UNDER FIVE PRESIDENTS.

THE INSTITUTIONAL AUTONOMY OF THE AMERICAN INTELLIGENCE SERVICE -- OF CIA -- IS UNIQUE IN THE WORLD. WHILE THIS CONFERS CERTAIN ADVANTAGES, ABOVE ALL INDEPENDENCE, SUCH AUTONOMY ALSO IMBUES THE CIA-POLICY COMMUNITY RELATIONSHIP WITH A SIGNIFICANT ADVERSARIAL AS WELL AS SUPPORTIVE CONTENT. AND, THE POLICYMAKER HAS A LONG LIST OF GRIEVANCES, MANY LEGITIMATE, SOME NOT.

-- POLICYMAKERS LEGITIMATELY WANT INTELLIGENCE INFORMATION THAT WILL INFORM AND GUIDE THEIR TACTICAL DAY TO DAY DECISIONMAKING. IN SOME AREAS, WE CAN AND DO MEET THEIR NEEDS. FOR EXAMPLE, IN 1980, THANKS TO A VERY BRAVE MAN, WE WERE ABLE TO PROVIDE POLICYMAKERS WITH KNOWLEDGE OF THE STEP BY STEP PREPARATIONS FOR THE IMPOSITION OF MARTIAL LAW IN POLAND. IN EARLY 1986, WE WERE ABLE TO DOCUMENT IN EXTRAORDINARY DETAIL ELECTORAL CHEATING IN THE PHILIPPINES. THERE ARE EVEN SOME AREAS WHERE OUR INTELLIGENCE IS SO GOOD THAT IT REDUCES POLICYMAKERS FLEXIBILITY AND ROOM FOR MANEUVER. YET, I WOULD HAVE TO ACKNOWLEDGE THAT THERE ARE COUNTRIES AND ISSUES IMPORTANT TO THE UNITED STATES WHERE SUCH TACTICAL INTELLIGENCE -- MOST OFTEN POLITICAL INTELLIGENCE -- IS SORELY DEFICIENT AND POLICYMAKER COMPLAINTS ARE JUSTIFIED. OUR CAPABILITIES ARE MUCH IMPROVED IN RECENT YEARS, BUT STILL UNEVEN. AND NO

MATTER HOW GOOD WE ARE, THERE WILL STILL BE SURPRISES OR GAPS.

-- IT WILL NOT SURPRISE YOU THAT VERY FEW POLICYMAKERS WELCOME CIA INFORMATION WHICH DIRECTLY OR BY INFERENCE CHALLENGES THE SUCCESS OR ADEQUACY OF THEIR POLICIES OR THE ACCURACY OF THEIR PRONOUNCEMENTS. INDEED, DURING THE VIETNAM WAR, A CONSTANT REFRAIN FROM POLICYMAKERS WAS, "AREN'T YOU GUYS ON THE TEAM?" YET, I CONCEDE THAT ON MORE THAN A FEW OCCASIONS, POLICYMAKERS HAVE ANALYZED OR FORECAST DEVELOPMENTS BETTER THAN WE. AND, TRUTH BE KNOWN, ANALYSTS HAVE SOMETIMES GONE OVERBOARD TO PROVE A POLICYMAKER WRONG. WHEN SECRETARY OF STATE HAIG ASSERTED THAT THE SOVIETS WERE BEHIND INTERNATIONAL TERRORISM, ANALYSTS INITIALLY SET OUT NOT TO ADDRESS THE ISSUE IN ALL ITS ASPECTS BUT RATHER TO PROVE THE SECRETARY WRONG -- TO PROVE SIMPLY THAT THE SOVIETS DO NOT ORCHESTRATE ALL INTERNATIONAL TERRORISM. BUT IN SO DOING, THEY WENT TOO FAR THEMSELVES AND FAILED IN EARLY DRAFTS TO DESCRIBE EXTENSIVE AND WELL-DOCUMENTED INDIRECT SOVIET SUPPORT FOR TERRORIST GROUPS AND THEIR SPONSORS. FAR FROM KOW-TOWING TO THE POLICYMAKER, THERE IS SOMETIMES A STRONG IMPULSE ON THE PART OF INTELLIGENCE OFFICERS TO SHOW THAT A POLICY OR DECISION IS MISGUIDED OR WRONG, TO POKE AN ANALYTICAL FINGER IN THE POLICY EYE.

POLICYMAKERS KNOW THIS AND UNDERSTANDABLY RESENT IT. TO PROTECT THE INDEPENDENCE OF THE ANALYST WHILE KEEPING SUCH IMPULSES IN CHECK IS ONE OF THE TOUGHEST JOBS OF INTELLIGENCE MANAGERS.

-- IN THIS CONNECTION, THE POLICYMAKER SOMETIMES HAS THE SENSE THAT CIA IS ATTEMPTING, AT LEAST BY INFERENCE, TO "GRADE" HIS PERFORMANCE. FURTHER, THE POLICYMAKER IS OFTEN SUSPICIOUS THAT WHEN CIA'S ANALYSIS SUGGESTS POLICY IS FAILING OR IN DIFFICULTY, THESE CONCLUSIONS ARE, WITH MALICE, WIDELY CIRCULATED BY THE AGENCY FOR USE AS AMMUNITION BY CRITICS OF THE POLICY INSIDE THE EXECUTIVE BRANCH, WITH CONGRESS OR WITH THE PUBLIC.

-- OFTEN POLICYMAKERS, FACING A SITUATION OF EXTREME DELICACY WITH ANOTHER COUNTRY, ESPECIALLY WHERE US LAW OR POLITICAL SENSITIVITIES MAY BE INVOLVED, WILL CAUTION US AS WE WRITE OR BRIEF: "NOW, YOU HAVE TO BE CAREFUL WHAT YOU SAY ABOUT THIS -- LET'S WORK IT OUT TOGETHER BEFOREHAND." AND, WHILE PROTECTING OUR INDEPENDENCE, WE DO TRY TO BE CAREFUL AND WE DO TRY TO TAKE THEIR CONCERNS INTO ACCOUNT -- BUT THAT IS LITTLE SOLACE TO A POLICYMAKER WHO IS AT THE POLITICAL MERCY OF ANY CIA BRIEFER WHO GOES TO CAPITOL HILL.

-- MANY POLICYMAKERS BELIEVE CIA ALLOWS ITS BIASES TO DOMINATE ITS REPORTING. WHO WOULD DISAGREE THAT CIA OFFICERS HAVE VIEWS AND BIASES, AND THAT THEY TRY TO PROMOTE THEM? BUT, CIA IS NOT MONOLITHIC; THERE IS A WIDE RANGE OF VIEWS INSIDE ON VIRTUALLY EVERY ISSUE. INDEED, THE INTERNAL DEBATES ARE FIERCE AND SOMETIMES BRUTAL -- AFTER ALL, THE STAKES ARE VERY HIGH. IT IS NOT A PLACE FOR THE FAINT-HEARTED. WE HAVE ELABORATE PROCEDURES FOR REVIEWING ASSESSMENTS TO TRY TO FILTER OUT INDIVIDUAL BIAS AND MAKE OUR REPORTING AS OBJECTIVE AS POSSIBLE. AND WHEN WE SEND OUT A PROVOCATIVE ANALYSIS BY AN INDIVIDUAL WE TRY ALWAYS TO IDENTIFY IT AS A PERSONAL VIEW.

BEYOND THIS, IS THERE AN INSTITUTIONAL BIAS THAT AFFECTS OUR WORK? PROBABLY, IN SOME AREAS, IN THE BROADEST SENSE, AND PERHAPS BASED ON EXPERIENCE. AS AN INSTITUTION, WE ARE PROBABLY MORE SKEPTICAL OF SOVIET INTENTIONS THAN MOST; MORE CYNICAL ABOUT THE PUBLIC POSTURE OF OTHER GOVERNMENTS WHEN CONTRASTED TO THEIR ACTIONS, OVERT AND COVERT; MORE DOUBTFUL ABOUT THE EASE AND SPEED WITH WHICH THE UNITED STATES CAN USUALLY AFFECT DEVELOPMENTS OVERSEAS; AND, FAIRLY CONSISTENTLY, WE WILL TEND TO SEE PERILS AND DIFFICULTY WHERE OTHERS DO NOT.

SUSPICIONS THAT CIA'S ASSESSMENTS ARE BIASED IN AREAS WHERE CIA IS INVOLVED IN COVERT ACTION FAIL TO TAKE INTO ACCOUNT OUR REALIZATION THAT OUR WORK IN SUCH AREAS IS SCRUTINIZED WITH SPECIAL CARE BY OTHERS (ESPECIALLY THE CONGRESS) FOR SIGNS OF BIAS. THE ORGANIZATIONAL INDEPENDENCE OF ANALYSIS FROM OPERATIONS IS BUTTRESSED BY INTERNAL AGENCY RIVALRIES.

-- POLICYMAKERS' IMPATIENCE WITH INTELLIGENCE -- WITH CIA -- IS INTENSIFIED BY THE FACT THAT WE ARE SOMETIMES WRONG IN OUR ANALYSIS AND FORECASTS, AND WE OFTEN CHANGE OUR ASSESSMENTS BASED ON NEW ANALYSIS OR NEW INFORMATION. WE DO NOT ACKNOWLEDGE ERROR GRACEFULLY, AND OFTEN DO NOT FOREWARN POLICYMAKERS OF REVISED VIEWS BEFORE THE INFORMATION HITS THE STREET. A POLICYMAKER WHO HAS MADE DECISIONS BASED ON ONE ASSESSMENT ONLY TO SEE IT CHANGE OR TO FIND THAT IT WAS WRONG WILL NOT THINK FONDLY OF US OR SOON WISH AGAIN TO PROCEED ON OUR ASSURANCES OR ASSESSMENTS.

-- AS I SUGGESTED EARLIER, A SPECIAL CRITICISM BY POLICYMAKERS IS THAT CIA IS TOO FREQUENTLY A VOICE OF GLOOM AND DOOM. FOR POLICYMAKERS WHO MUST TRY TO FIND SOLUTIONS FOR INTRACTABLE PROBLEMS OR A WAY OUT OF A NO-WIN SITUATION, OUR FOREBODINGS AND POINTING OUT OF

PERILS AND DANGERS ARE OF LITTLE HELP AND ARE HIGHLY AGGRAVATING.

-- CIA'S RELATIONSHIP WITH CONGRESS ALSO IS A SPECIAL PROBLEM FOR POLICYMAKERS FOR SEVERAL REASONS, AND IT PROFOUNDLY INFLUENCES OUR ROLE. VIRTUALLY ALL CIA ASSESSMENTS GO TO THE TWO CONGRESSIONAL INTELLIGENCE COMMITTEES. MOST GO ALSO TO THE ARMED SERVICES, FOREIGN RELATIONS, AND APPROPRIATIONS COMMITTEES. IN 1986, CIA SENT SOME 5000 INTELLIGENCE REPORTS TO CONGRESS AND GAVE MANY HUNDREDS OF BRIEFINGS. ALL THIS IS NEW IN THE LAST DECADE OR SO. AS A RESULT, AND THANKS TO THEIR STAFFS, MANY SENATORS AND REPRESENTATIVES ARE OFTEN BETTER INFORMED ABOUT CIA'S INFORMATION AND ASSESSMENTS ON A GIVEN SUBJECT THAN THE POLICYMAKER. AND THAT INTELLIGENCE IS OFTEN USED TO CRITICIZE AND CHALLENGE POLICY, TO SET ONE EXECUTIVE AGENCY AGAINST ANOTHER, AND TO EXPOSE DISAGREEMENTS WITHIN AN ADMINISTRATION.

MOST SPECIALISTS WRITING ABOUT THE CHANGED BALANCE OF POWER IN RECENT YEARS BETWEEN THE EXECUTIVE AND CONGRESS ON NATIONAL SECURITY POLICY, CITE WATERGATE AND VIETNAM AS PRIMARY CAUSES. I BELIEVE THERE WAS A THIRD PRINCIPAL FACTOR -- WHEN CONGRESS OBTAINED ACCESS TO INTELLIGENCE INFORMATION IN THE MID-1970S ESSENTIALLY EQUAL TO THAT OF THE EXECUTIVE BRANCH.

- IMAGINE THE REACTION OF THE FORD ADMINISTRATION IN THE MID-70S WHEN THEY WENT TO CONGRESS TO GET ADDITIONAL MONEY FOR CAMBODIA ONLY TO BE CONFRONTED BY THE LEGISLATORS WITH A NEW INTELLIGENCE ASSESSMENT THAT THE SITUATION WAS HOPELESS.

- IMAGINE PRESIDENT CARTER SEEKING A US TROOP CUT IN SOUTH KOREA ONLY TO FIND CONGRESS AWARE OF A NEW INTELLIGENCE ESTIMATE THAT CONCLUDED THE NUMBER OF NORTH KOREAN DIVISIONS HAD GROWN.

- IMAGINE THE REACTION OF A SECRETARY OF DEFENSE SEEKING FUNDS FOR A NEW WEAPON ONLY TO BE TOLD ON THE HILL OF INTELLIGENCE THAT THE SOVIETS COULD NEUTRALIZE THE WEAPON.

THIS SITUATION ADDS EXTRAORDINARY STRESS TO THE RELATIONSHIP BETWEEN CIA AND POLICY AGENCIES. POLICYMAKER SUSPICION OF CIA USING INTELLIGENCE TO SABOTAGE SELECTED ADMINISTRATION POLICIES IS OFTEN NOT FAR BELOW THE SURFACE. AND NOT A FEW MEMBERS OF CONGRESS ARE WILLING TO EXPLOIT THIS SITUATION BY THEIR OWN SELECTIVE USE OF INTELLIGENCE THAT SUPPORTS THEIR VIEWS. THE END RESULT IS TO STRENGTHEN THE

CONGRESSIONAL HAND IN POLICY DEBATES AND TO HEIGHTEN GREATLY THE TENSIONS BETWEEN CIA AND THE REST OF THE EXECUTIVE BRANCH.

THE OVERSIGHT PROCESS HAS ALSO GIVEN CONGRESS -- ESPECIALLY THE TWO INTELLIGENCE COMMITTEES -- FAR GREATER KNOWLEDGE OF AND INFLUENCE OVER THE WAY CIA AND OTHER INTELLIGENCE AGENCIES SPEND THEIR MONEY THAN ANYONE IN THE EXECUTIVE WOULD DREAM OF EXERCISING: FROM EXPENDITURES IN THE BILLIONS TO LINE ITEMS IN THE THOUSANDS. CONGRESS HAS BEEN IMMENSELY SUPPORTIVE AND STEADFAST IN PROVIDING THE RESOURCES OVER THE PAST TEN YEARS TO REBUILD AMERICAN INTELLIGENCE. BUT I SUSPECT IT CAUSES POLICYMAKERS CONSIDERABLE HEARTBURN TO KNOW THAT CONGRESS MAY ACTUALLY HAVE MORE INFLUENCE TODAY OVER OUR PRIORITIES AND HOW WE SPEND OUR MONEY THAN THE EXECUTIVE BRANCH.

THE RESULT OF THESE REALITIES IS THAT CIA TODAY IS IN A REMARKABLE POSITION, POISED NEARLY EQUIDISTANT BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES -- THE FORMER KNOWS THAT CIA IS IN NO POSITION TO WITHHOLD MUCH FROM CONGRESS AND IS EXTREMELY SENSITIVE TO IT, THE CONGRESS HAS ENORMOUS INFLUENCE AND INFORMATION YET REMAINS SUSPICIOUS AND MISTRUSTFUL. THIS MAY BE OR MAY NOT BE HISTORICALLY CHARACTERISTIC OF OTHER EXECUTIVE

DEPARTMENTS' RELATIONSHIPS WITH CONGRESS, ALTHOUGH I SUSPECT NOT. REGARDLESS, SUCH A CENTRAL LEGISLATIVE ROLE WITH RESPECT TO AN INTELLIGENCE SERVICE IS UNIQUE IN OUR HISTORY AND IN THE WORLD. AND OUR POLICYMAKERS KNOW IT.

NOW, LET ME TURN TO CIA'S ROLE AND RELATIONSHIP WITH THE POLICYMAKER AS SEEN FROM OUR VANTAGE POINT.

-- LET ME SAY AT THE OUTSET THAT IN EVERY ADMINISTRATION DURING WHICH I HAVE SERVED THERE HAVE BEEN A NUMBER OF SENIOR POLICYMAKERS (ASSISTANT SECRETARY AND ABOVE) WHO WERE AVID USERS AND READERS OF INTELLIGENCE AND WHO AGGRESSIVELY SOUGHT CIA ANALYSIS AND VIEWS. THEY DEDICATED CONSIDERABLE TIME TO TALKING ABOUT SUBSTANTIVE AND POLICY PROBLEMS WITH US. WE HAVE HAD UNPRECEDENTED ACCESS IN THIS ADMINISTRATION FROM THE PRESIDENT ON DOWN, ESPECIALLY FOR ANALYSIS, AND DAILY CONTACT WITH THE MOST SENIOR OFFICIALS OF THE GOVERNMENT, INCLUDING THE VICE PRESIDENT AND THE SECRETARIES OF STATE AND DEFENSE. THEY HAVE OFTEN DIRECTLY TASKED US AND OFFERED REACTIONS TO THE INTELLIGENCE THEY READ -- AND THEY HAVE READ A GREAT DEAL. THIS IS TRUE ALSO OF THEIR SENIOR SUBORDINATES, WITH WHOM WE ARE IN CONSTANT CONTACT. THIS HAS CONTRIBUTED ENORMOUSLY TO IMPROVING THE RELEVANCE,

TIMING, AND SUBSTANCE OF OUR ANALYSIS AND OTHER SUPPORT. IT IS A DYNAMIC, HEALTHY RELATIONSHIP, EVEN THOUGH IT IS FOCUSED PRIMARILY ON CURRENT ISSUES.

-- THIS PREOCCUPATION WITH CURRENT REPORTING IS, FROM OUR PERSPECTIVE, A MAJOR PROBLEM. IF, AS I HAVE BEEN TOLD, THE AVERAGE TENURE OF AN ASSISTANT SECRETARY IN GOVERNMENT IS 21 MONTHS, A SHORT TERM FOCUS IS UNDERSTANDABLE BUT LAMENTABLE, AND, ULTIMATELY, VERY COSTLY TO OUR COUNTRY. ONE OF OUR GREATEST CONCERNS OVER THE YEARS HAS BEEN THE UNWILLINGNESS OR INABILITY OF MOST POLICYMAKERS TO SPEND MUCH TIME ON LONGER RANGE ISSUES -- LOOKING AHEAD SEVERAL STEPS -- OR IN HELPING TO GUIDE OR DIRECT OUR EFFORTS. FOR MANY YEARS WE HAVE STRUGGLED, LARGELY IN VAIN, TO GET POLICY OFFICIALS TO DEVOTE TIME TO NON-CRISIS RELATED INTELLIGENCE ISSUES. FOR EXAMPLE, WE WORK HARD TO DETERMINE THEIR REQUIREMENTS -- WHAT ARE THEIR PRIORITIES, WHAT ISSUES OR PROBLEMS SHOULD WE ADDRESS, HOW CAN WE HELP? ONE REASON CONGRESS HAS ASSUMED A LARGER ROLE IN THESE AREAS, IN MY VIEW, IS BECAUSE POLICYMAKERS IN SUCCESSIVE ADMINISTRATIONS HAVE LARGELY ABDICATED THEIR RESPONSIBILITIES. FOR MANY YEARS, TRYING TO GET SENIOR POLICY PRINCIPALS TO MEETINGS TO DISCUSS LONGER RANGE INTELLIGENCE REQUIREMENTS HAS BEEN AN EXERCISE IN FRUSTRATION. BEYOND THE LACK OF HELP ON REQUIREMENTS,

WE GET LITTLE FEEDBACK ON OUR LONGER RANGE WORK TO HELP US BE MORE RESPONSIVE. WE HAVE BEEN MORE AGGRESSIVE IN RECENT YEARS IN TRYING TO ENGAGE POLICYMAKERS ON THESE MATTERS, AND KEY FIGURES IN THIS ADMINISTRATION HAVE SHOWN SOME INTEREST IN SELECTED LONG RANGE PROBLEMS, BUT SUCH INTEREST REMAINS EXCEEDINGLY, DANGEROUSLY RARE.

— IN PART BECAUSE OF INSUFFICIENT TIME SPENT ON INTELLIGENCE, TOO MANY POLICYMAKERS EARLY ON HAVE UNREALISTIC EXPECTATIONS ABOUT WHAT WE CAN DO THAT, WHEN DISAPPOINTED, TURN TO SKEPTICISM WHETHER WE CAN DO ANYTHING.

— IT HAS BEEN MY EXPERIENCE OVER THE YEARS THAT THE POLICYMAKERS' RESPONSE TO INTELLIGENCE THEY DISAGREE WITH OR FIND UNPALATABLE MOST OFTEN IS TO IGNORE IT; SOMETIMES, THEY WILL CHARACTERIZE IT AS INCOMPLETE, TOO NARROWLY FOCUSED OR AS INCOMPETENT (AND THEY ARE SOMETIMES RIGHT); AND OCCASIONALLY THEY WILL CHARGE THAT IT IS "COOKED" OR THAT IT REFLECTS A CIA BIAS. IN 21 YEARS IN INTELLIGENCE, I HAVE NEVER HEARD A POLICYMAKER (OR ANYONE ELSE FOR THAT MATTER) CHARACTERIZE AS BIASED OR COOKED A CIA ASSESSMENT WITH WHICH HE AGREED. ON VIETNAM, VARIOUS ASPECTS OF SOVIET POLICY AND BEHAVIOR, ANGOLA, LEBANON, THE EFFECTIVENESS OF EMBARGOES OR SANCTIONS, AND OTHER ISSUES OVER THE

YEARS, OUR ANALYSTS HAVE DRAWN CONCLUSIONS THAT DASH COLD WATER ON THE HOPES AND EFFORTS OF THE POLICYMAKERS. SOMETIMES WE HAVE BEEN WRONG, BUT ON PROBLEMS LARGE AND SMALL WE HAVE NOT FLINCHED FROM PRESENTING OUR HONEST VIEW.

THERE IS NO CHARGE TO WHICH WE IN CIA ARE MORE SENSITIVE THAN THAT OF "COOKING" INTELLIGENCE -- OF SLANTING OUR REPORTING TO SUPPORT POLICY. EVERY DIRECTOR SINCE I JOINED CIA HAS BEEN ACCUSED OF THIS AT ONE TIME OR ANOTHER, I BELIEVE IN VIRTUALLY ALL INSTANCES UNFAIRLY. FIRST, ONE MUST UNDERSTAND THE DISTINCTION BETWEEN PERSONAL AND INSTITUTIONAL VIEWS. NATIONAL ESTIMATES ARE REVIEWED AND COORDINATED BY A DOZEN AGENCIES; CIA ASSESSMENTS ARE WIDELY REVIEWED INSIDE THE AGENCY BUT ALMOST NEVER EVEN SEEN BY THE DIRECTOR BEFORE BEING PUBLISHED AND CIRCULATED. AS NOTED EARLIER, ALL GO TO SEVERAL COMMITTEES OF THE CONGRESS, WHERE THEY ARE SCRUTINIZED.

THESE FORMAL ASSESSMENTS MUST BE DISTINGUISHED FROM PERSONAL VIEWS EXPRESSED BY INDIVIDUALS AT ALL LEVELS OF THE AGENCY, FROM ANALYST TO SENIOR OPERATIONS OFFICER TO DIRECTOR. MORE THAN ONCE, DCI CASEY (AND PROBABLY HIS PREDECESSORS) APPROVED AN ESTIMATE WITH WHICH HE DISAGREED PERSONALLY, AND SEPARATELY CONVEYED

HIS PERSONAL VIEW TO POLICYMAKERS. LEST THIS RAISE EYEBROWS, I REMIND YOU THAT IN 1962 DCI MCCONE DISAGREED WITH THE ENTIRE INTELLIGENCE COMMUNITY ON WHETHER THE SOVIETS MIGHT INSTALL MISSILES IN CUBA. HE TOLD PRESIDENT KENNEDY THEY WOULD, AND HE ALONE IN THE EXECUTIVE BRANCH WAS RIGHT. AND, I SHOULD ADD, I AM TOLD, THIS COST HIM HIS RELATIONSHIP WITH THE PRESIDENT. AS LONG AS ALL POINTS OF VIEW ARE FAIRLY REPRESENTED AND REPORTED, THE DIRECTOR OF CENTRAL INTELLIGENCE — THE PRESIDENT'S CHIEF INTELLIGENCE ADVISER -- IS ENTITLED (EVEN OBLIGATED) TO HAVE AND TO PUT FORWARD HIS OWN VIEW. AS PROFESSOR HENRY ROWEN OF STANFORD UNIVERSITY RECENTLY WROTE IN THE NEW YORK TIMES, "... A CIA DIRECTOR IS NOT SUPPOSED TO BE AN INTELLECTUAL EUNUCH."

POLICYMAKERS HAVE ALWAYS LIKED INTELLIGENCE THAT SUPPORTED WHAT THEY WANT TO DO, AND THEY OFTEN TRY TO INFLUENCE THE ANALYSIS TO COME TO CONCLUSIONS THEY WANT. THEY ASK CAREFULLY PHRASED QUESTIONS; THEY SOMETIMES WITHHOLD INFORMATION; THEY BROADEN OR NARROW THE ISSUE; ON RARE OCCASIONS, THEY EVEN TRY TO INTIMIDATE. THE PRESSURES CAN BE ENORMOUS. THIS IS WHERE THE INTEGRITY OF INTELLIGENCE OFFICERS, BOLSTERED BY A NATURAL TENDENCY TO RESIST PRESSURE AND AN OFTEN ADVERSARIAL BUREAUCRATIC RELATIONSHIP, COMES INTO PLAY TO PROTECT THE INDEPENDENCE OF THE ASSESSMENT.

BUT, OVERALL, YOU MUST UNDERSTAND THAT THE GIVE AND TAKE -- THE DIALOGUE -- BETWEEN POLICYMAKER AND INTELLIGENCE OFFICER ON ISSUES IS NORMAL, HEALTHY, AND USUALLY IMPROVES OUR ASSESSMENTS AND MAKES THEM MORE USEFUL TO THE POLICYMAKER -- EVEN WHILE OBJECTIVITY IS PRESERVED. WE KNOW THEY ARE OFTEN TRYING TO INFLUENCE AN ASSESSMENT, BUT THAT DOES NOT RENDER THEIR INFORMATION AND INSIGHTS IRRELEVANT OR OFF-LIMITS.

A FINAL THOUGHT. TO ATTEMPT TO SLANT INTELLIGENCE NOT ONLY TRANGRESSES THE DEEPEST ETHICAL AND CULTURAL PRINCIPLE OF CIA, WE ALL KNOW IT WOULD ALSO BE FOOLISH -- IT WOULD PRESUPPOSE A SINGLE POINT OF VIEW IN AN ADMINISTRATION AND WOULD IGNORE THE REALITY OF CONGRESSIONAL READERSHIP. INDEED, IN MY OPINION, THE SHARING OF INTELLIGENCE WITH CONGRESS IS ONE OF THE SUREST GUARANTEES OF CIA'S INDEPENDENCE AND OBJECTIVITY. AS DIRECTOR WEBSTER HAS SAID, "WE INTEND TO 'TELL IT AS IT IS,' AVOIDING BIAS AS MUCH AS WE CAN, OR THE POLITICIZATION OF OUR PRODUCT. POLICYMAKERS MAY NOT LIKE THE MESSAGE THEY HEAR FROM US, ESPECIALLY IF THEY HAVE A DIFFERENT POINT OF VIEW. MY POSITION IS THAT IN THE PREPARATION OF INTELLIGENCE JUDGMENTS, PARTICULARLY IN NATIONAL INTELLIGENCE ESTIMATES, WE WILL PROVIDE THEM FOR THE USE OF POLICYMAKERS. THEY

CAN BE USED IN WHOLE OR IN PART. THEY CAN BE IGNORED, OR TORN UP, OR THROWN AWAY, BUT THEY MAY NOT BE CHANGED."

CONCLUSION

WHAT I HAVE DESCRIBED HERE IS THE REALITY OF CIA'S ROLE IN THE MAKING OF AMERICAN FOREIGN POLICY. I HAVE TRIED TO GO BEYOND THE MECHANICS AND THE HEADLINES TO IDENTIFY THE STRESSES, TENSIONS, RIVALRIES, ENDURING COMPLAINTS AND RELATIONSHIPS -- THE PULLING AND HAULING, DAY IN AND DAY OUT, REAL LIFE IF YOU WILL -- THAT DETERMINE CIA'S ROLE AND ITS IMPACT. SOME OF OUR ANALYSES ARE BETTER THAN OTHERS; SOME INTELLIGENCE EXPERTS ARE BETTER THAN OTHERS; ESTIMATES SOMETIMES ALLEGED TO BE POLITICIZED OR BIASED WERE NOT THAT AT ALL -- SOMETIMES THEY WERE JUST NOT VERY WELL DONE. BUT UNEVENNESS OF QUALITY SHOULD NOT BE CONFUSED WITH POLITICIZATION.

CIA'S AUTONOMY IS UNIQUE IN OUR GOVERNMENT, ITS RELATIONSHIP WITH THE LEGISLATURE IS UNIQUE IN THE WORLD. OUR RELATIONSHIPS WITH OTHER ELEMENTS OF THE EXECUTIVE ARE A DYNAMIC BLEND OF SUPPORT AND RIVALRY, OF COOPERATION AND CONFLICT. OUR CHALLENGE IS TO MANAGE THOSE RELATIONSHIPS SO

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THAT IT WAS A FAITHFUL INSTRUMENT OF THE MOST DECENT AND PERHAPS THE SIMPLEST OF THE GREAT POWERS, AND CERTAINLY THE ONE THAT EVEN IN ITS DARKEST PASSAGES PRACTICED MOST CONSISTENTLY THE VIRTUE OF HOPE."

THE UNITED STATES HAS THE FINEST GLOBAL INTELLIGENCE SERVICE IN THE WORLD. FAITHFUL TO THE CONSTITUTION AND THE LAWS, IT HELPS TO SAFEGUARD OUR FREEDOM AGAINST OUR ADVERSARIES AND HELPS THE POLICYMAKER UNDERSTAND AND DEAL WITH THE OFTEN DANGEROUS WORLD AROUND US. CIA IS TRULY AMERICA'S FIRST LINE OF DEFENSE -- ITS EYES AND EARS. AND OUR DEEPEST COMMITMENT, TO BORROW A PHRASE USED BY ERIC LARRABEE TO DESCRIBE GEORGE MARSHALL, IS "TO SPEAK TRUTH TO POWER."

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~~J 6861~~

משרד ראש הממשלה
PRIME MINISTER'S OFFICE J 7431

Jerusalem February 28, 1986.

TOP SECRET

Dear Mr. President,

I was pleased to learn of the results of the meeting at Frankfurt.

Implementation of decisions and commitments made there, along with progress made at the following meeting, can pave the way to an important strategic breakthrough for both our countries.

I can assure you that on our part we shall make every effort to facilitate a successful meeting. I have already instructed my representative to prepare useful data and pass it on to his U.S. counterpart. Moreover, at the next meeting, he will be prepared to assist your delegation with whatever means are available to us as relevant to new issues that arise.

It is my firm conviction that the fundamental change we both seek as to the direction of the country with which we are dealing, holds promise not only for our two countries but for many others in the region and in the free world.

Concurrently, I trust that you are aware of our own severe problem concerning our men, Israelis and Jews, held in jeopardy.

Cognizant of the sensitivity and delicacy of the Frankfurt meeting, and in order not to jeopardize its outcome, we accepted that a discussion of our problem be postponed.

Consequently, at the next meeting, once your expectations regarding your own men are met, we will be most interested in having the issue of our men raised.

/2.

President Ronald Reagan
The White House
Washington DC
United States of America

~~J 6062~~

J 7432

Our representative will then be prepared to offer to your delegation concrete suggestions to facilitate solutions to our problem.

Please be assured of my sincere appreciation of the courageous and visionary manner in which you have guided efforts in this challenging matter. It is both a pleasure and an honor to work jointly with you and your impressive team on this venture.

Sincerely,

Shimon Peres

-- "We found some individuals (in Iran) that it might be possible for us to deal with.... There are factions within Iran."

S 3916

-- Those with whom we were dealing were unscrupulous and untrustworthy. They are advocates and practitioners of that very scourge we are fighting elsewhere in the world -- terrorism. Our two primary contacts for the operation were Gorbanifar and

[redacted]

8-51

-- Gorbanifar had been rejected by the CIA as a contact since, after several polygraphs, they concluded he was a "habitual fabricator" who could not be trusted.

-- On November 16

[redacted]

2. "We did not condone and do not condone the shipment of arms from other countries.... We have had nothing to do with other countries or their shipment of arms or doing what they're doing."

-- As your subsequent clarification notes, we knew that Israel was shipping weapons. In a July, 1985 discussion with Bud McFarlane, Israeli MFA Director General David Kimche directly sought U.S. approval of Israeli arms transfers to Iran. I am told Bud did not sanction such shipments but said that the U.S. would not stop selling arms to Israel if a transfer occurred.

[redacted]

#136

EXHIBIT
GPS-45

[illegible] 1987

— The direct linkage between Israeli and U.S. supply is shown by the fact that, in early 1986, we supplied 508 TOWs to Israel to replace those it had sent to Iran in September 1985.

— Bill Casey's testimony for tomorrow reveals that in November 1985 the CIA helped Israel transfer Hawk missiles by Israel to Iran at the NSC staff's request. Shockingly, the NSC staff denies having made this request.

— The NSC staff has apparently arranged that Southern Air Transport carry many of the arms to Iran. The CIA says this is no longer a proprietary. It is noteworthy, however, that it is the same airline on which Hasenfus and others carried arms to the Contras. This will undoubtedly complicate our efforts to support the Contras.

3. "The mission was served that made us waive temporarily for that really miniscule amount of spare parts and defensive weapons.... The so-called violation did not in any way alter the military balance between the two countries."

[redacted]

4. "Iran does not own or have authority over the Hezbollah.... The Iranian government had no hostages. Iran held no hostages."

— Without any qualification, Hizballah is a creature of the Government of Iran, and Iran is its main banker, patron, arms supplier, and adviser.

S 3916

- 1 -

—Hizbollah was established in 1982 in Lebanon by Iranian Revolutionary Guards.

[redacted]

— The Revolutionary Justice Organization (RJO) has claimed credit for the kidnapping of two of the last three American hostages. The kidnapping of the third was claimed by the Islamic Jihad Organization, an Iranian-controlled entity.

[redacted]

— We are convinced that Iranian-controlled groups in Lebanon have concluded that it is in their interest to kidnap additional Americans because, whatever we say say, America does pay ransom.

5. "Our purposes were...to bring a negotiated end to the Iran-Iraq war."

—Opening a channel of communications to Iran could hasten that end. The supply of arms, even in the context you described, will only make Iran more intransigent and more set on prosecuting the war. The Iranian leadership is convinced it has managed a major breakthrough, and other arms suppliers will now disregard Operation Staunch efforts. Everyone with experience in Iran and dealing with Iranians firmly believes that we have lengthened the war because of the psychological and political boost we have given to those who successfully got arms out of us. In a November 10 speech, Ayatollah Khomeini has told his nation that the "Black House" representatives "presented themselves meekly and humbly at the door of this nation, wishing to establish relations. They wish to apologize for their mistake, but our nation rejects them."

6 May 1987

6. "There is a mistaken perception that we have been exchanging arms for hostages." 3919

— It is very clear to the Iranians that we were exchanging arms for hostages. McFarlane informed the Secretary that Kimche reported that hostages would be released on November 20, 1985 and that Israel planned to fly 100 Hawk missiles from [redacted] Israel, and subsequently to Iran if the hostages were released. (In the event, the shipments were sent via a CIA proprietary and were delivered to Iran despite the fact that no hostages were released.)

— On several occasions, McFarlane and Poindexter described the operation to us, and Ollie North described it to others, as being arms for hostages, and in some cases as money for hostages. Every time a hostage was released, it was preceded by a shipment of arms to Iran. Regardless of our statements to the contrary, we are convinced that the Iranian leadership believes that it was involved in arms-for-hostages exchanges.

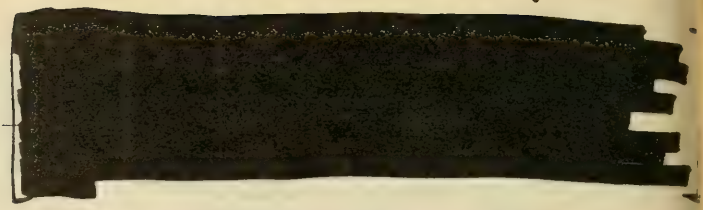
7. "Key Cabinet members were consulted throughout, and our policy objectives were never in dispute."

— This is not true. The Secretary of State was told on at least four occasions that the operation was completely turned off. The last such time was in June of this year. The Secretary was never shown the Finding; he was not informed of McFarlane's trip to Tehran, and he was unaware of the CIA role in transferring these weapons. Both the Secretaries of State and Defense were firmly opposed to the supply of arms and continued to make their opposition known to the President.

8. "If there had not been so much publicity, we would have had two more than we were expecting."

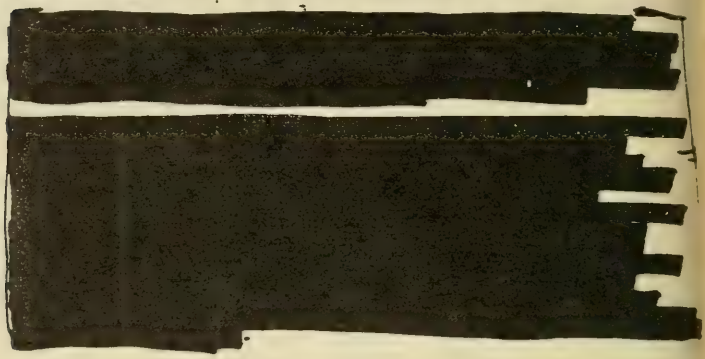
— The Iranians with whom we were dealing never fully delivered on any of their commitments, and they would not have done so now. It is in their interest to secure several hostages at [redacted] This was proven when Iranian-controlled groups recently picked up three more Americans in Lebanon.

6 May 1987



— Also, even if the deal had worked as planned, it would have been yet further evidence that we condone trading hostages for arms. We understand that among the activities attempted last week was the transfer of additional arms as a sweetener for the release of more hostages. If this had worked, it would have conclusively shown that the price for getting the additional two hostages released was arms.

9. "We said that we did not want to do business with any nation that openly backed terrorism. There has been evidence of a lessening of terrorism on the part of Khomeini and his government."



—Although one may be able to argue that Americans were not as intensely targetted by the Iranians during 1985 as they were formerly, there is no doubt that Iran has not reduced in any way its support for international terrorism and our friends and allies, as well as the three new American hostages in Lebanon, continue to suffer.

6 May 1987

10. "There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran...."



11. "I was not breaking any law.... I have the right under the law to defer reporting to Congress.. ."

— Serious legal questions arise for two reasons:

a) We knew of and evidently acquiesced in Israeli shipments to Iran months before the January 1986 finding was signed. A central issue is how we square our knowledge and apparent acceptance of such shipments with the fact that, over a year later, we have still not informed Congress of a third party transfer as we are required to do under the Arms Export Control Act.

b) At least one shipment of U.S. arms may have left the U.S. for Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran. While a strong argument can be made that the finding can authorize transfers prohibited by the AECA's general provisions, that argument became more difficult in the face of the specific prohibition in August.

c) Finally, while Section 501 of the National Security Act implicitly recognizes some degree of legal authority in the President to control the timing and form of notice of intelligence actions, the delay in this instance — about 11 months — is unprecedented and will be condemned by legislators from both parties.

Overall, this action could lead to further restrictions on the President's legal authority.

6 May 1987

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Chapter 14, Footnote 26

C 09513

8-71

NIC 05060-86
3 November 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: [redacted] Allen
[redacted] Intelligence Officer for Counterterrorism

SUBJECT: Frankfurt Meetings

1. Bud MacFarlane's trip is becoming known. [redacted] said [redacted] asked him about Bud's visit. The problem stems from the radicals around Montazari taking action. They have convinced him that this was bad for Iran. Interestingly enough, it turns out that Ghobanifar told Montaza[redacted]ut all the transactions and kept him briefed on what is going on. It t[redacted]ut that Ghobanifar and Montazari have been friends for 15 years. [redacted]s[redacted]at the reasons for the failure of the Bud trip were several. One was th[redacted] trip had not been fully coordinated at the senior level. One [redacted] problems was Ghobanifar's presence in Tehran and the role he pla[redacted] Most people do not trust him, but he has convinced[redacted] that he has [redacted] of influence in the United States. [redacted] has a lot of faith i[redacted]anifar. The other problem was Amiran Nir's presence in Tehran. [redacted] old them who he was in order to cover his backside. [redacted] argued t[redacted]nce Ghobanifar [redacted] he was someone that they should use. From [redacted] comments, [redacted] was given to believe that Ghobanifar was quite a powerful man. With further regard to Ghobanifar and his threats, Rafsanjani has proposed inviting him back to Iran and keep him there several months working on things. They can keep him based on the fact that there is an order for his execution. [redacted] said that they do owe Ghobanifar $10 million, but he also owes them 1,000 TOWs. The problem for us is that he has been involved in many deals and we do not know how to judge this statement.

[redacted]

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Chapter 14, Footnote 260

C 09520

3. Ollie North said that since the beginning of the talks we have taken certain political actions. We have talked to [redacted] and pressured them into curtail[redacted]les to Iraq. We have opened discussions with [redacted] said that there were four issues that he wished to [redacted]ssion, but first he wanted to say that Khomeini has is[redacted] decree [redacted]ch he states his considered opinion that the hostages a[redacted]soners. This has changed the attitude of the Lebanese captors. [redacted] s[redacted]at they wish to table the following points for discussion:

A. How to proceed with our relations, and relations with other states in [redacted]rea.

[redacted]rrive at a joint understanding as to why things are proceed[redacted]y.

C. He wants to explain and clarify his own role in the operation.

D. He wants both sides to engage in an analysis of the security of the operation.

4. [redacted] On our side we explained the US position in seeking better relat[redacted]with Iran. In this instance we stated that with regard to the 9-point pr[redacted] we were moving as fast as possible and they must also move fast, too. [redacted]said that he has full trust in the group he is dealing with and wants [redacted]plain the problem of coordinating things in the Iranian Government. [redacted]st understand that this is a new revolutionary government. After Kh[redacted], it is like a corporation. There are three wings in the government. [redacted]ing is the fanatic wing (Tondro). This wing is actually divided into [redacted]roups, one of which is extremely fanatic and the other which is less so. The second group is the Middle Roaders. Rafsanjani is the leader of the Middle Roaders. This group functions as the bridge between the fanatic group and the right wing group. The right wing group leans towards the West in the sense that they want free trade and a democratic government. What must be understood is that all three groups are strongly Islamic and want an Islamic government although all three approach this differently.

5. [redacted]said to understand the government process, we m[redacted] that Khomeini [redacted] given to Rafsanjani the responsibility for man[redacted] war and foreign affairs. This is why he is usually referred to as [redacted] two man. When [redacted] first brought up the issue of better r[redacted]h the US, Rafsanjani agreed, but said that all groups must take [redacted] Rafsanjani insisted that [redacted] from all three groups should take part in this program. Aft[redacted]ebate in the cabinet and also the Majlis, a position was rea[redacted] took it up with the Imam who gave his approval. Rafsa[redacted]s positi[redacted] that

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C 09521

if the policy succeeds, all will share. On the same hand if it fails, all will also share so no one can complain. The problem is one of coordination between th[redacted] groups. [redacted] stated that the last shipment of TOWs elimin[redacted] channel and establishes his group. [redacted] said that [redacted] ron was very well received in Tehran. This enables the[redacted] rce the [redacted] t to focus on the hostage situation. There is, how[redacted] some confusion in Tehran.

The problem of Montazari, [redacted] they, of course, wer[redacted] are that [redacted] far had [redacted] ruled him briefed all along.

[redacted]

7. [redacted] there is a small group of extremely fanatical Hizballah in [redacted] this gr[redacted] small, very radical, [redacted] united. They published a newspaper in which th[redacted] led that the United States and Iran are cooperating in getting the h[redacted] released. [redacted] said that at the moment they have no hard information [redacted] the other two hostages, but he suspects that it could be this [redacted] allah group.

8. In one of his many asides to Clarke, [redacted] said th[redacted] ned about North's demand for release of all the hostages. [redacted] oblem

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[redacted]

[redacted] said that [redacted] would be arriving in Europe on 31 October. [redacted] said they want to move things along and hope that the release of two more hostages will help. The perception in Tehran is that the American leadership is afraid of moving things along too fast. They interpreted our original several steps as a demonstration of extreme caution. The US side defended this caution, pointing out that the bottom line is that they released two then took three. [redacted] added several points he wanted to discuss as follows: Kuwaiti [redacted] cameras for RF-4's, and a list of Phoenix spare parts. [redacted] said that the Iranians have 70 Phoenix missiles which are inoperable and in need of spare parts. Rafsanjani himself is personally interested in the Phoenix problem. This is because the Iraqis have enormous respect for the Phoenix. They need help to repair the missiles on hand as they know it is impossible to obtain new ones. Technicians to help on the Phoenix missiles would be seen as a very positive step in Tehran and could well resolve the whole hostage problem. [redacted] also said that they have enough TOWs for current operations. At this point [redacted] emphasized that the sending of things to them have proved the US' good intentions. We told [redacted] that it might be some time before we could organize the technical support they needed, but we thought such support was essential as their orders for spare parts do not make sense. In fact General Secord believes that if someone were to get into their logistics system he could probably locate large numbers of spares that they do not even know they have. [redacted] also asked if we could do anything about the 20 Chinooks that have been embargoed in [redacted] for three years. The FBI is also holding $20 million that Iran went to court for and won the case. We asked him for additional information on this case and some documentary support so that we can follow it up.

10. In another aside, [redacted] stated to Clarke that they feel they must have pilotless drones to give them the kind of intelligence coverage they need. He wondered if they could buy some from the Israelis. This may be an opening for Nir. [redacted] also told us about [redacted] radars they are buying from [redacted] Although they are supposed to be deployed to cover the Soviet Union, in fact the technicians are installing them along the Iraqi border.

11. [redacted] said that a four-man committee has been formed in Tehran to oversee their relations with the United States. They are as [redacted]:

[redacted]

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[redacted]

said that the man they ultimately want to meet with senior US officials is [redacted] who is [redacted] and a moderate. He is [redacted] role in this is somewhat foggy. [redacted] is the only one of the four that knows of his role. The best way to describe him is that he is Rafsanjani's window on the operation.

[redacted]

Charles E. Allen

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HAKIM: AND HE USED [redacted] AS AN EXAMPLE

[redacted]

HAKIM: IN THIS EVALUATION THEY WANTED TO MAKE SURE THAT THE RELATIONSHIP WOULD NOT DEVELOP LIKE IT WOULD BETWEEN TWO MERCHANTS AND YOU HAD TO START TRADING AND DEALING WITH EACH OTHER. THEY WANTED TO MAKE SURE THE RELATIONSHIP WOULD BE ESTABLISHED AT A LEVEL THAT YOUR OBJECTIVES AND GOAL WOULD BE SOMETHING BEYOND AND HIGHER THAN TRADING.

CAVE: BE OF GREATER VALUE

HAKIM: GREATER VALUE

[redacted]

HAKIM: [redacted] WANTS TO SUPPORT WHAT [redacted] HAS BEEN SAYING. HE SAID WHEN HE GOT THE ASSIGNMENT OF EVALUATING ALL THE EVENTS OF THE PAST AND STARTED WITH********THE FILES AND READ EVERYTHING, AND GET THE INFO FROM [redacted] HE DEFINITELY CAME TO THE CONCLUSION THAT THE RELATIONSHIP WAS AT THE LEVEL OF TWO MERCHANTS, AND HE WANTS TO ESTABLISH **********THAT [redacted] OUTDID HIMSELF ESPECIALLY DURING THE PAST SEVERAL WEEKS TO MAKE THE LEADERS OF THEIR COUNTRY UNDERSTAND THAT THIS IS WRONG TO HAVE A RELATIONSHIP ON THE LEVEL OF MERCHANTS AND WANTS TO LOOK UP TO A RELATIONSHIP THAT IS MORE VALUABLE AND EFFECTIVE. DID I MISS ANYTHING?

CAVE: NO. HE WANTS TO MAKE CLEAR THAT EVEN IN THE LAST LETTER THEY DIDN'T LIKE THE MERCHANT TONE OF IT--THE "YOU DO THIS, WE DO THAT." THEY WANT TO GET AWAY FROM THAT. THEY WANT TO JUST UNDERSTAND.

SE: WHICH LETTER?

CAVE: WELL, THE THING WE DID IN TEHRAN. THEY WANT US TO UNDERSTAND THAT THEY WANT THIS TO BE SOMETHING MORE THAN JUST...

HAKIM: IT IS NOT ?CRITICISM?, IT IS OBSERVATION.

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CAVE: NO, THEY ARE NOT CRITICIZING.

HAKIM: THEY SAY THAT THEY UNDERSTAND THE EVOLUTION.... I'M PRIVILEGED A LITTLE BIT [redacted] BECAUSE WE HAD A LITTLE BIT MORE TIME TO CHAT THAN **********WE WENT THROUGH THIS. THEY FULLY RECOGNIZE AND APPRECIATE VERY MUCH THE EFFORTS OF ALL PEOPLE THAT HAVE DONE EVERYTHING THAT THEY HAVE DONE, INCLUDING GHORBANIFAR, AND EVEN THE WAY HE HAS DONE IT [redacted] AND SO ON.

?SECOND?: I'M NOT S[redacted] APPRECI[redacted] GHORBANIFAR QUITE SO MUCH.

HAKIM: NO, BUT THEY DO. THEY SAID THAT **********THIS AFTERNOON HE TOLD ME, THE [redacted] AND HAVING THE GUTS TO COME TO [redacted] AND FOR [redacted] ACCOMODATE HIM. THEY GIVE A LOT OF VALUE TO THIS. BUT, IT HAS REACHED A POINT THAT THAT RELATIONSHIP CANNOT BEAR FRUIT ANY MORE. IT HAS TO EVOLVE TO THE NEXT STAGE.

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CAVE: WE HAD THE U.S. ARMY GO GET THEM. C 366

NORTH: YEAH. IT WAS A VERY SECRET PROCESS, SO THAT WE DON'T HAVE EVERYBODY IN THE WORLD LOOKING AT IT. AND THAT IS AN EXPENSIVE PROCESS. MUCH OF THAT WORK HAS ALREADY BEEN DONE. PARTS HAVE BEEN ASSEMBLED, SOME OF THEM PACKED....WE STOPPED EVERYTHING WHEN YOU TOLD ME THERE WAS NO MONEY LAST WEEK, WE STOPPED EVERYTHING.

HAKIM: ((INTERPRETS))

NORTH WE HAVE ALSO TAKEN STEPS TO OBTAIN THE TWO RADARS THAT WERE ASKED FOR.

HAKIM: ((INTERPRETS))

NORTH: WE HAVE IDENTIFIED TWO RADARS THAT ARE PHASE TWO RADARS; THAT'S THE NEXT GENERATION OF HAWK SYSTEMS. AND WE HAVE TOLD THE ARMY TO PREPARE .. NOW, I HAVEN'T DONE THIS, I DON'T WANT THE ARMY TO SEE THE WHITE HOUSE BEING IN ON THIS. THIS IS ALL BEING DONE BY SAM ((LAUGHTER)) SAM'S COMPANY.

HAKIM: ((INTERPRETS))

ORTH: ...TO PREPARE TO REVERSE ENGINEER THOSE ITEMS AND TO PACK THEM FOR AIR TRANSPORT TO A PORT WHICH IS RELATIVELY NEARBY WHERE WE CAN FLY THEM IN AND TRANSLOAD THEM ONTO A SHIP THAT CAN BRING THEM IN TO BANDAR ABBAS.

AKIM: ((INTERPRETS))

ORTH: WE HAVE ALSO TAKEN STEPS TO IDENTIFY IN THE ARSENALS OR, IF YOU WILL, THE BUNKERS, ADDITIONAL TOWS TO BE MOVED VERY QUICKLY.

AKIM ((INTERPRETS))

ORTH, NOW THERE ARE REASONS FOR THAT, ALRIGHT? FIRST OF ALL, YOU HAVE THE TOWS ALREADY. YOU DON'T NEED A WHOLE BUNCH OF TRAINING ON THE TOWS, AND THEY CAN BE AIRLIFTED VERY QUICKLY.

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by K. Johnson, National Security Council

AKIM: ((INTERPRETS))

ORTH: THERE IS ALSO A PHILOSOPHICAL REASON. OUR PRESIDENT HAS TOLD ME TO TELL YOU--AND I TOLD [redacted]--THAT WE ARE PREPARED TO HELP IRAN DEFEND ITSELF AND TO MAINTAIN ITS TERRITORIAL INTEGRITY.

AKIM ((INTERPRETS))

ORTH THE ITEMS THAT WE HAVE IDENTIFIED CAN BE MOVED QUICKLY, AND ARE PRINCIPALLY DEFENSIVE IN NATURE.

AKIM: ((INTERPRETS))

ORTH THEY ARE ALSO ITEMS THAT YOU ALREADY HAD, AND ARE NOT GOING TO BE VISIBLY, BY THE SOVIETS, SUDDENLY DETECTABLE AS SOMETHING NEW AND DIFFERENT.

AKIM ((INTERPRETS))

ORTH: THE ARTILLERY AND OTHER WEAPONS THAT WERE ON THAT LIST, AS I INDICATED TO [redacted] ALMOST A YEAR AGO, ANYTHING IS POSSIBLE.

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BUT WE HAVE GOT TO TAKE STEPS THAT DO NOT INDEED COMPROMISE US IN THE EYES OF OUR OWN PEOPLE AND IN TERMS OF THE REST OF THE RELATIONSHIP WITH THE ARAB WORLD AND WITH THE SOVIETS.

HAKIM: ((INTERPRETS))

C 367

((SEVERAL CONVERSATIONS GOING ON AT ONCE IN BACKGROUND.))

HAKIM: ((INTERPRETS)) THEY HAVE THE MONEY AVAILABLE FOR THE 300 TOWS RIGHT NOW, TODAY. THEY CAN GIVE TO US ((FEW WORDS UNCLEAR.)) I UNDERSTAND THAT'S ONE SHIPLOAD, RIGHT?

NORTH: PLANELOAD

[redacted] AND HAKIM TALK TOGETHER CAVE AND NORTH TALKING TOGETHER CAN'T MAKE OUT EITHER OF THE CONVERSATIONS.))

HAKIM: ((INTERPRETS)) OKAY. LET ME GIVE YOU THE ((WORD UNCLEAR)) IN A NUTSHELL, WHAT HAS BEEN GOING ON BACK AND FORTH [redacted] HAS TRANSLATED SOME OF IT. THE BOTTOM LINE IS THAT THEY HAVE CHANGED THEIR ORDER OF PRIORITIES. THEIR IS A LIST OF EIGHT ITEMS, AND ITEM EIGHT WHICH IS IN THEIR REQUIREMENT IS THE HAWK MISSILES. THEY LIKE... THEIR POSITION IS ALSO RESOLVE THE OTHER SEVEN ITEMS AS TO WHAT OUR POSITION IS, SO THEY CAN REACT TO THE WHOLE THING. I SEE AN ISSUE HERE THAT I HAVE TO GO BACK AND ASK HIM BECAUSE BEFORE WE SAY THAT IN EIGHT DAYS WE WILL BE READY TO SHIP THE, UH, GIVE US THE MONEY TO SEND THE HAWK MISSILES, I DON'T KNOW HOW HE'S GOING TO FILL IN THE GAP HERE I'LL GO BACK AND CLARIFY THIS AND GET BACK TO YOU. I HAVE A PROBLEM HERE, I DON'T UNDERSTAN[redacted]HERE. ON THE ONE HAND HE SAYS THAT THE PRIORITY HAS CHANGED; PRIORITY ONE, WHICH WAS FORMERLY THE HAWK SPARES, IS ITEM EIGHT. AND THEN EARLIER HE TOLD ME THAT IN EIGHT DAYS HE IS GOING TO PAY FOR THE HAWK PARTS I SEE A CONTRADICTION HERE THAT I CANNOT DIGEST IN MY COMPUTER. AND I NEED TO GO BACK AND CLARIFY THIS, UNLESS IT'S CLEAR TO YOU GENTLEMEN IS IT CLEAR TO YOU?

NORTH NO BUT LET ME JUST GO ONE STEP FURTHER, BECAUSE I HAVE TAKEN THIS LIST, AND I HAVE TAKEN IT TO THE PRESIDENT. AND HE IS VERY CLEAR ON IT

HAKIM: ((EXPLAINS THE APPARENT CONTRADICTION T[redacted]XPLAINS AND HAKIM SAYS, IN ENGLISH)) OKAY AGAIN THERE WAS A MISUNDERSTANDING ON THAT HAWK WHICH IS VERY IMPORTANT FOR YOU TO UNDERSTAND. ASSUMING THAT YOU SAY THAT YOU CANNOT SUPPLY THE SEVEN ITEMS,

NORTH NO ONE SAID THAT

HAKIM: NO, NO I DIDN'T SAY THAT YOU SAID THAT I KNOW WHAT YOU HAVE SAID YOU HAVE TOLD [redacted] AND YOU HAVE TOLD EVERYBODY... YOU ARE GOING OVER THE SAME THING BUT I'M TRYING TO ESTABLISH A FOUNDATION FOR OUR ((WORD UNCLEAR)). I'D LIKE TO SAVE THE REPUTATION OF MY IRANIAN FRIENDS HERE, OKAY? THAT'S WHAT I'M AFTER REALLY, THE ORDER OF PRIORITY HAS NOT CHANGED. AND I WANT YOU GENTLEMEN TO UNDERSTAND THAT HE SAYS TODAY IF YOU DON'T GIVE US THE SEVEN ITEMS, THEY WILL GO AHEAD AND BUY THE HAWK PARTS. ((CONFERS QUIETLY WI[redacted]) ((FEW WORDS UNCLEAR)) ONE OF THEM IS FINANCIAL.

CAVE IN OTHER WORDS THEY WANT TO GET THE MOST FOR THEIR MONEY

NORTH THIS IS VERY IMPORTANT MAYBE BEFORE WE EVEN HOLD THIS DISCUSSION,

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[redacted] YOU OUGHT TO SEE THE INTELLIGENCE ON IRAQ THAT WE'VE GOT WHAT I'M TRYING TO DO FOR YOU . AND I'VE SPENT 25 YEARS OF MY LIFE IN THE MILITARY . . THAT'S IMPORTANT. . .

AKIM: ((INTERPRETS))

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ORTH: WHAT THE PRESIDENT TOLD ME TO DO WAS TO BUILD THE BEST POSSIBLE INTELLIGENCE [redacted] WE DIDN'T GIVE YOU A FULL INTELLIGENCE PACKAGE BACK IN FEBRUARY

AKIM ((INTERPRETS))

ORTH BASED ON THE [redacted] PREPARE A LIST OF MOST NEEDED ITEMS THAT WE WOULD RECOMMEND TO YOU. . .

AKIM ((INTERPRETS))

ORTH HE ONLY PUT ONE CONSTRAINT ON WHAT I DID. "YOU WILL NOT," HE SAID TO ME. "RECOMMEND ITEMS THAT WOULD ALLOW OR ENCOURAGE THE IRANIAN ARMY OR THE PASDARAN TO SEIZE BAGHDAD."

AKIM: ((INTERPRETS))

[redacted]

AKIM. ((INTERPRETS)) ISN'T IT YOUR UNDERSTANDING FROM EVERYTHING THAT YOU HAVE SEEN THAT BAGHDAD IS NOT ONE OF THEIR OBJECTIVES?

ORTH MY FRIEND, I UNDERSTAND THAT I ACTUALLY BELIEVE THAT BUT I ONE HELL OF A TIME CONVINCING PEOPLE LIKE CASPER WINEBERGER AND GEORGE SHULTZ. . .

AKIM ((INTERPRETS))

ORTH AND THAT'S AN IMPORTANT FACTOR HERE.

AKIM: ((INTERPRETS))

[redacted]

AKIM ((INTERPRETS)) HE SAYS THAT YOU. THEY DID NOT BELIEVE THAT THEY COULD SEIZE FAW, BUT THEY DID.

ORTH. THAT'S WHAT SCARED THE HELL OUT OF CASPER WEINBERGER AND GEORGE SHULTZ. ((LAUGHS))

AKIM. ((INTERPRETS))

[redacted]

AKIM: ((INTERPRETS)) HE SAYS THEY ARE NOT GOING TO WAIT FOR SHULTZ AND WEINBERGER TO SEIZE BAGHDAD.

ORTH: ((LAUGHING)) I UNDERSTAND THAT

[redacted]

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HAKIM ((INTERPRETS)) AND IF THEY DO, IT WILL BE TOO LATE.

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[redacted] TELL HIM THAT I'M JUST JOKING.

NORTH WEINBERGER, IN OUR LAST SESSION WITH THE PRESIDENT, SAID, "I DON'T THINK WE SHOULD SEND ONE MORE SCREW--TALKING ABOUT THE HAWK PARTS--UNTIL WE HAVE OUR AMERICANS BACK FROM BEIRUT BECAUSE WHEN THE AMERICAN PEOPLE FIND OUT THAT THIS HAS HAPPENED, THEY'LL IMPEACH YOU." TALKING TO THE PRESIDENT

HAKIM ((INTERPRETS))

NORTH HE AND I WENT THROUGH THE LIST WITH THE GENERAL AND THE ADVICE THAT WE PROVIDED WITHIN THE GUIDANCE THAT THE PRESIDENT HAD GIVEN US. AND, AGAIN, BASED ON WHAT WE KNOW IS GOING ON IN THE REGION, AND WHAT WE EXPECT OF THE IRAQI PLANS, WAS IMPROVE AIR DEFENSE IMMEDIATELY, PROVIDE ANTI-ARMOR DEFENSE, AND GET YOU THE INTELLIGENCE YOU NEED SO THAT YOU DON'T DECIMATE WHAT'S LEFT OF THE PASDARAN, AND THEN SEE WHERE WE'RE GOING BEFORE WE MOVE ANY OF THIS HE, THE PRESIDENT, DIDN'T SAY NO TO ANY OF THIS

HAKIM ((INTERPRETS))

NORTH AND WHEN HE'S TALKING ABOUT "SEE WHERE WE GO," WHAT HE IS TALKING ABOUT IS, VERY PRACTICALLY, SEEING WHERE WE ARE GOING WITH THE WAR THERE'S NO POINT IN YOU SPENDING A BILLION DOLLARS, OR WHATEVER THAT COMES TO I HAVE NO IDEA WHAT ALL THAT COSTS IF YOU DON'T NEED IT BECAUSE THE WAR IS GOING TO BE OVER

HAKIM: ((INTERPRETS))

[redacted]

HAKIM ((INTERPRETS)) COULD YOU GIVE YOUR RECOMMENDATION ABOUT THIS LIST, BECAUSE THIS LIST IS BASED ON AN OPERATIONAL PLAN THAT THEY HAVE

NORTH I UNDERSTAND THAT

HAKIM AND THEY WANT TO UNDERSTAND YOUR COMMENTS ABOUT THESE LISTS.

NORTH I THINK, AFTER HE HAS SEEN THE INTELLIGENCE, MY PRAYER FOR THOUSANDS OF YOUNG IRANIAN YOUNGSTERS, IS THAT SOMEBODY THINKS VERY CAREFULLY ABOUT THAT OFFENSIVE OKAY?

HAKIM ((INTERPRETS))

[redacted] AND HAKIM TALK QUIETLY IN BACKGROUND INAUDIBLY))

((TIME OUT FOR NORTH AND CAVE TO MAKE PHONE CALLS))

RECORD LET ME THEN, WHILE YOU ARE DOING THAT, GO OVER THEN FOR [redacted] SOME OF THE THINGS WE SAID IN WASHINGTON ABOUT THIS LIST AND HOW IT RELATES TO THE STEP BY STEP APPROACH TO IT AND THE HOSTAGES

HAKIM? THEIR LIST OR OUR LIST?

RECORD THEIR LIST

NORTH THE IMPORTANT THING IS THAT WHAT WE DID WAS LOOK AT THE IMMEDIATE NEEDS OKAY I UNDERSTAND THE OFFENSIVE I UNDERSTAND THE NEED

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FOR IT POLITICALLY WITHIN YOUR COUNTRY THE PRESIDENT UNDERSTANDS THAT OKAY WE TOLD [redacted] WHEN HE WAS IN OUR COUNTRY THAT WE UNDERSTOOD AND RECOGNIZED THE NEED FOR A PERCEPTIBLE VICTORY FOR THE IRANIAN PEOPLE

HAKIM ((INTERPRETS FOR [redacted] AS FOLLOWS)) YOU MUST BELIEVE THAT WE UNDERSTAND THAT YOU NEED THIS OFFENSIVE THE PRESIDENT ALSO UNDERSTANDS THEY ARE SENSITIVE TO THE DESIRE FOR A VICTORY BY THE IRANIAN PEOPLE THESE ((FEW WORDS UNCLEAR)) HAVE BEEN SAID REPEATEDLY WHAT THESE GENTLEMEN ARE SAYING IS NOT THAT YOU SHOULD NOT STAGE AN OFFENSIVE WHAT THEY ARE SAYING IS ALONG THE LINES OF WHAT YOU SHOULD DO TO REACH YOUR OBJECTIVE ((FEW WORDS UNCLEAR)) THERE ARE VARIOUS PATHS TO VICTORY THE COURSE WHICH SHOULD BE CHOSEN CAN BE DISCERNED BETTER IF YOU ((FEW WORDS)) INFORMATION

NORTH THE PRESIDENT HAS SAID AND I SAID THIS TO YOU . AND I FLEW UP TO CAMP DAVID TO TALK TO THE PRESIDENT AND HE SAID, "I UNDERSTAND WHY WE SHOULD DO EVERYTHING POSSIBLE TO INSURE AN HONORABLE PEACE FOR IRAN."

HAKIM ((INTERPRETS, BUT SAYS "HONORABLE VICTORY" INSTEAD OF "HONORABLE PEACE"))

[redacted] ((IN ENGLISH)) DON'T EXPLAIN THAT PLEASE

HAKIM WHY YOU DON'T EXPLAIN TO THEM HOW THEY CAN ACHIEVE VICTORY

NORTH BECAUSE I'M NOT SURE THAT OUR DEFINITIONS OF VICTORY ARE COMPLETELY COMPATIBLE

HAKIM ((INTERPRETS))

[redacted]

HAKIM ((INTERPRETS)) HE SAYS HE CANNOT UNDERSTAND WHY YOU CANNOT UNDERSTAND BECAUSE HE SAYS FOR THEM ((FEW WORDS UNCLEAR))

NORTH SADDAM HUSAIN OKAY AND I DON'T KNOW QUITE EXACTLY HOW THAT'S ALL GOING TO WORK OKAY? ONE OF THE THINGS THAT WE WOULD LIKE TO DO IS THAT WE WOULD LIKE TO BECOME ACTIVELY ENGAGED IN ENDING THIS WAR [redacted]

HAKIM ((INTERPRETS))

NORTH [redacted]

HAKIM ((INTERPRETS))

NORTH WHAT WE'RE TALKING ABOUT IS A PROCESS BY WHICH ALL THE REST OF THE ARAB WORLD COMES VERY QUICKLY TO REALIZE THAT IRAN IS NOT A THREAT TO THEM. IRAN IS NOT GOING TO OVERRUN KUWAIT. IRAN IS NOT GOING TO OVERTHROW THE GOVERNMENT OF SAUDI ARABIA [redacted]

HAKIM ((INTERPRETS))

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[redacted] THIS IS THE CONCLUSION THAT YOU HAVE REACHED?

HAKIM ((INTERPRETS AS)) DO YOUR REALLY BELIEVE THIS?

NORTH YES THE INNER CIRCLE OF OUR GOVERNMENT KNOWS THAT THEY HAVE COME TO UNDERSTAND THE ONLY THING THAT THREW A WRINKLE IN IT IS THE TWO NEW HOSTAGES.

HAKIM ((INTERPRETS))

SECORD LOOK I WANT TO ADDRESS THIS LIST JUST AS WE DID IN WASHINGTON

[redacted] AND HAKIM CONFER QUIETLY IN THE BACKGROUND U S NEGOTIATORS TALK PRIVATELY AMONG THEMSELVES SEVERAL CONVERSATIONS GOING ON A SIMULTANEOUSLY))

((END OF TAPE 11))



CHAPTER 9. IRAN: THE LEGAL ISSUES

Chapter 24 10/5/81 58

Office of the Attorney General
Washington, D. C. 20530

UNCLASSIFIED

OCTOBER 5, 1981

N 10018

9-19

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry
for [redacted] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [redacted] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S

Sincerely,

Bill

WILLIAM FRENCH SMITH
Attorney General

Classified by Derivative: State Department Memorandum of Law, October 2, 1981.
Review for Declassification: 10/2/2001.

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Partially Declassified / Released on ___ under provisions of E.O. 12356 by B. Boyd, National Security Council

10/2/81

THE LEGAL ADVISER
DEPARTMENT OF STATE
WASHINGTON

N 10021

UNCLASSIFIED SECRET/SENSITIVE

October 2, 1981

MEMORANDUM OF LAW

SUBJECT: Legal Authority for the Transfer of Arms Incidental to Intelligence Collection

Introduction

This memorandum examines the legal basis for a proposed covert transfer of [redacted] from the stocks of the Department of Defense to the Central Intelligence Agency and from the Central Intelligence Agency to [redacted] This transfer would be an essential precondition to the acquisition [redacted]

Analysis

The Congress has enacted a number of statutes specifically dealing with the international transfer of arms by the United States, contained chiefly in the Foreign Assistance Act of 1961 (hereafter "the FAA") and the Arms Export Control Act (hereinafter "the AECA"). Any examination of the legality of the proposed transaction should begin with the question of whether any of these statutes is necessarily applicable in these circumstances.

At the outset, it should be noted that since this proposed transfer of U.S. arms would be a cash sale, laws dealing with grants of defense articles and with "assistance" to foreign countries are not applicable. In this regard, former section 640 of the FAA (79 Stat. 661) provided that references in that Act to "assistance" would not be construed as applicable to cash sales of defense articles. This rule of construction is preserved by section 45(c) of the AECA (22 U.S.C. 2751 note) stating that no provision of law (with certain exceptions not here relevant) shall be deemed to apply to that Act unless it refers specifically thereto or refers generally to sales of defense articles and services. When section 45(c) was enacted in 1968, the report of the House Committee on Foreign Affairs explained its purpose as follows:

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"The second sentence [of subsection (c)] continues in force after the repeal of section 640 of the FAA by subsection (a) the rule of construction contained therein that restrictions which do not refer specifically to sales of defense articles and defense services and are phrased only in general terms of prohibiting "assistance" do not apply to sales." H.R. Rep. No. 1641, 90th Cong. 2d Sess., p.14 (1968).

These expressions of legislative intent--in the Foreign Assistance Act, the Arms Export Control Act, and the above-quoted committee report--show that Congress does not regard cash sales of defense articles"as constituting assistance" for purposes of laws prohibiting assistance to foreign countries. Therefore, it is unnecessary to consider restrictions such as those contained in section 620(i) of the FAA (22 U.S.C. 2370(i)) on assistance to nations engaged in aggressive military efforts, or section 620(t) of the FAA (22 U.S.C. 2370(t))

Certain categories of military equipment may be transferred only under specified authorities or after compliance with certain procedures. In particular, section 514(a) of the FAA requires that any defense article in the DOD inventor "which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country" may be transferred to a foreign country only under the authority of the FAA or the AECA. In addition, 10 U.S.C. 957 prohibits any "sale outside the Department of Defense" of any defense article classified "as Prepositioned Material Configures to Unit Sets, as decrement stock, or as Prepositioned War Peserve Stocks" unless the President determines and reports to Congress that certain criteria relating to an internation crisis are met. Further, section 813 of P.L. 94-106, as amended (10 U.S.C. 133 note), requires a report to Congress in the case of "any proposal to transfer defense articles which are valued at $25,000,000 or more from the United States active forces' inventories or from current production.

The General Counsel of the Department of Defense has determined that proposed to be transferred in this case will all come from active forces' inventories and from current production. Accordingly, the first two of the three statutes described in the preceding paragraph do not apply. However, the third statute does require a report to Congress by the Secretary of Defense.

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Although the applicable statute does not specify the form or the precise recipients in Congress of such a report, the practice has been to furnish reports of transfers from active forces' inventories and new production in writing to the Speaker of the House and the President of the Senate, with copies to the Armed Services Committees. In light of this practice, it would seem prudent to offer at least an oral report to the chairmen of the Armed Services Committees, explaining that the proposed transfer is one of great sensitivity and is being reported on in detail to the Intelligence Committees. (It is understood that the Intelligence Committees will be informed in accordance with the usual procedures for providing notification of significant anticipated intelligence activities in accordance with section 501 of the National Security Act of 1947 (50 U.S.C. 413).)

Arms sales by the United States to foreign countries are expressly authorized by the Arms Export Control Act. Specifically, section 21(a) of the AECA (22 U.S.C. 2761(a)) authorize the President to make cash sales to foreign countries of defense articles from the stocks of the Department of Defense. However, it is clear that the requirements of the AECA cannot be met in this case. The principal relevant requirements are as follows:

--Sales may be made only to countries with respect to which the President has found such sales will strengthen the security of the United States and promote world peace (§ 3(a)(1), 22 U.S.C. 2753 (a)(1));

-- The articles may be sold only for use for legitimate purposes and the recipient country must agree to use the arms only for legitimate (e.g., self defense) purposes, not to retransfer them without USG consent, and to maintain their security (§§ 3(a)(2) and (3), 4, 22 U.S.C. 2753(a)(2) and (3), 22 U.S.C. 2754);

--A report of the proposed sale of major defense equipment valued at $7 million or more must be submitted to Congress, which may disapprove the sale by concurrent resolution within 30 days after receiving such report (§ 36(b), 22 U.S.C. 2776(b)).*

*Congressional review under section 36(b) may be waived personally by the President if he certifies to Congress that an emergency exists which requires the sale in the national security interest. However, this authority has been exercised only once in the seven years since section 36(b was enacted in 1974 (for Yemen in 1979, see Presidential
(Footnote continued next page)

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In the case [redacted] the President has made no determination of eligibility under section 3(a)(1) of the AECA. It is at least questionable whether [redacted] use of the U.S. arms [redacted] could be characterized as a legitimate use of force in self defense (see the definition of aggression set forth in UNGA Res. 3314 (XXIX) (1974)). Congressional review is obviously impractical and acceptance of this transfer by Congress might be unobtainable in any event.

In view of the foregoing, it seems clear that a transfer under the authority of the AECA is impracticable. Accordingly it has been proposed that DOD transfer the weapons to CIA under the authority of section 601 of the Economy Act of 1932 (31 U.S.C. 686), which permits one federal agency to order equipment from another on a reimbursable basis to carry out an authorized activity of the requesting agency. It is then proposed that CIA effect the transfer [redacted] under the sweeping authority granted to that agency by section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)). Section 102(d) provides that it shall be the duty of CIA, under NSC direction, to perform services of common concern for the benefit of existing intelligence agencies and to perform "such other functions and duties relating to intelligen affecting the national security as the National Security Council may from time to time direct."

The proposed reliance upon the Economy Act and the Nationa Security Act, neither of which contains any explicit reference to arms transfers, gives rise to the question of whether the Arms Export Control Act, which contains a comprehensive framework of policy guidance, substantive authorities (and limitations of authority), and procedures specifically addressed to international sales of arms by the United States is a preemptive statue which, by implication, precludes reliance upon the more general authorities of DOD and CIA.

*Footnote con't
Determination No. 79-6 of March 7, 1979, 44 Fed. Reg. 18633). That single instance provoked intense Congressional interest. See Hearings on Proposed Arms Transfers to the Yemen Arab Republic before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, 96th Cong., 1st Sess. (1979). Any future determination under section 36(b) would require publication of a notice in the Federal Register under section 654(c) of the FAA (22 U.S.C. 2414(c)). Such a publication would obviously be incompatible with the covert nature of the proposed transaction.

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It seems clear that Congress has not regarded the FAA and the AECA as an exclusive body of law fully occupying the field with respect to U.S. arms tranfers. There are several illustrations where Congress, having been made aware of transfers to foreign countries outside that body of specific authorities, has reacted by enacting limited restrictions or reporting requirements rather than by prohibiting such transfers altogether.

One set of examples involves DOD's authority to lease non excess property "not for the time needed for public use" (10 U.S.C. 2667). When Congress considered the previous use of that authority to transfer small naval vessels to foreign countries it amended 10 U.S.C. 7307 to impose new reporting requirements. See P.L. 93-365,§ 702,88 Stat. 405 (1974). Similarly, when Congress considered the use of this leasing authority to transfer helicopters to El Salvador in 1980 it established a new reporting requirement covering all major leases to foreign governments. See P.L. 96-533. § 109,94 Stat. 3137 (1980). However, it did not challenge the lawfulness of previous transfers by lease or prohibit such transfers in the future.

More directly in point are the examples of Congressional action with respect to covert arms transfers conducted by CIA. These include section 513(b) of the FAA (22 U.S.C. 2321 f(b)) enacted in 1974 and precluding non-FAA or AECA funding for military assistance to Laos; section 662 of the FAA (22 U.S.C. 2422), also enacted in 1974 and requiring Presidential approval of and reports to Congress on CIA "operations in foreign countries other than activities intended solely for obtaining necessary intelligence";* and section 404 of P.L. 94-329,90 Stat. 757) enacted in 1976 and prohibiting assistance for military or paramilitary operations in Angola. All of these statutes were enacted against a background of

*The reporting requirements of section 662 were superseded by section 407 of P.L. 96-459, 94 Stat. 1981 (1980), which added a new section 501 to the National Security Act of 1947, entitled "Congressional Oversight" (50 U.S.C. 413).

**Section 404 was superseded in 1980 by section 118 of P.L. 96-533, which reenacted the 1976 prohibition with minor changes (22 U.S.C. 2293 note).

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covert actions, including arms transfers. Although the language in the relevant committee reports is rather circumspect in this regard, the legislative history of the prohibition on assistance to Angola is especially instructive that prohibition was amended in the committee of conference to add the words "notwithstanding any other provision of law." The reason for this amendment was explained in the conference report as being "to make clear that the prohibition on security assistance [i.e., arms transfers] is not limited solely to assistance furnished pursuant to this Act." H.R. Rep. No. 94-1913, 94th Cong. 2d Sess., p.70 (1974). The reference to "this Act" meant the International Security Assistance And Arms Export Control Act of 1976 (P.L. 94-329, 90 Stat. 729), which amended extensively both the FAA and the AECA. Moreover, the prohibition was enacted as a companion to the so-called "Tunney amendment" to the FY1976 DOD Appropriation bill (H.R. 9861, 94th Cong. 1st Sess. (1975) That amendment deleted funds intended for use by CIA to provide covert military assistance, including arms transfers, in Angola. See debates at 121 Cong. Rec. 40872-40873, 41196-41212, 41564, 41617-41623 (1975).

The CIA General Counsel advises that, since the enactment in 1974 of the above-described legislation on reports to Congress of covert actions, several reports have been made of covert actions involving arms transfers to foreign countries by CIA and Congress has acquiesced in such transfers. This fact, together with the above-discussed record of limited Congressional action to deal with international arms transfers made in the past outside the framework of the security assistance laws, provides a sound legal basis for concluding that the AECA is not an exclusive authority for arms sales to foreign governments.

There remains, however, a difficult issue of judgment that is presented because of the amount of this particular transfer, the nature of the equipment, and the controversial character of the intended recipient. I am unaware of any covert arms transfer in recent years which has so directly confronted the central purpose of the Arms Export Control Act that large transfers of major defense equipment to volatile regions such as [redacted] should be carried out under effective policy guidance from the Congress, with careful Executive Branch deliberations encouraged by the need to subject their outcome to Congressional review. See S. Rep. No. 94-605, 94th Cong., 2d Sess., pp. 4-8 (1976). While the Arms Export Control Act is not an exclusive statutory authority, it surely was intended to be the primary basis

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for international arms transfers. Other authorities have been invoked only as exceptions to this generally applicable law and have not been treated as complete alternatives. At some point, the use of an exceptional authority would defeat the purpose of the generally applicable legislation.

In the absence of a clear line drawn by Congress, I believe the President has the discretion to decide that this case is not a circumvention of the law in view of its primary intelligence collection objective, the high priority attached to the particular objective here involved, and the practical impossibility of using the at least partially open procedure of the Arms Export Control Act. However, if the President were to make such a judgment, and if the transaction were later to become public [redacted] it would be difficult to defend publicly the legal rationale for proceeding in the manner proposed if it also continued to be necessary to keep secret the specific intelligence objective that motivated the transfer and the extraordinary value of that objective.

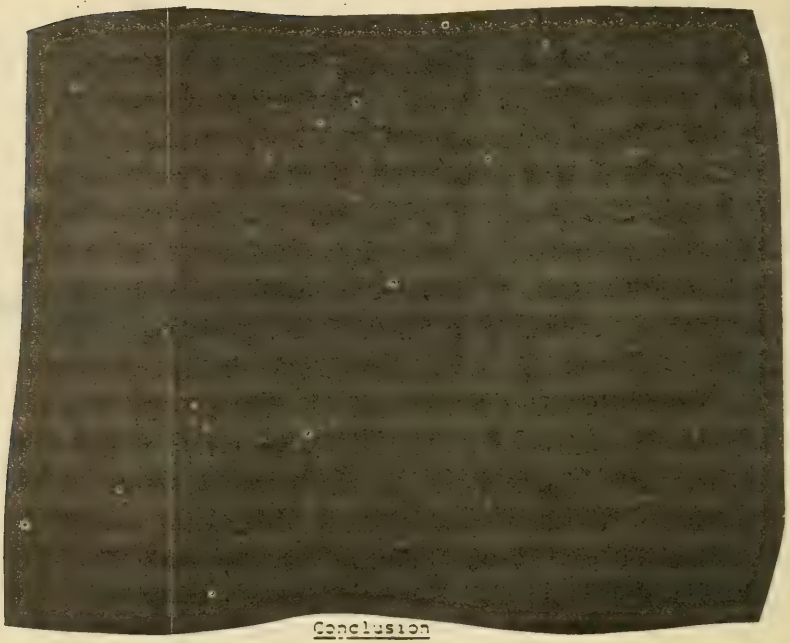
Should there result a belief in Congress that the President had exceeded the bounds of permissible exceptions to the Arms Export Control Act, the legal consequences would be of a legislative character. A criminal prosecution would be unlikely since export licensing requirements do not apply to exports by government agencies for carrying out programs authorized by law and subject to the President's control (see 22 U.S.C. 2778(b)(2)). Presumably, a decision to go forward would proceed on the basis that CIA's authority, although unclear, is sufficient. A civil action against Government officials challenging the legality of the transfer would seem unlikely to prosper given the political character of the questions presented. However, there would seem to be a genuine risk of new legislation to prohibit arms transfers outside the Arms Export Control Act and Foreign Assistance Act. If enacted, such legislation could be a serious impediment to the relatively small but nevertheless important covert transfers that CIA is presently able to carry out.

[redacted]

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Conclusion

Although the matter is not entirely free from doubt, I believe (and the General Counsels of DoD and CIA concur) that the President has the discretionary authority to proceed with the proposed activity under the National Security Act of 1947. To do so would present legal risks, chiefly that Congress might challenge his decision and enact new, restrictive legislation.

[redacted]

If the President decides to proceed, reports to the

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Intelligence and Armed Services Committees of Congress would be necessary. In addition, it might help to reduce the risk of an adverse legislative reaction if the chairmen of the House Foreign Affairs and Senate Foreign Relations Committees were informed.

Davis R. Robinson

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CHAPTER 10. THE DIVERSION

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 11. THE DISCLOSURE AND THE UNCOVERING

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 12. THE NSC'S ROLE IN INVESTIGATIONS

6/11/86
Chapter 5 Foch Sec. 107

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12-23

6/11/86

T E L E T Y P E (Hand carry)

FROM SAC, WASHINGTON FIELD OFFICE [redacted] (C) (CI-9)

TO DIRECTOR, FBI ROUTINE

ATTN: INTELLIGENCE DIVISION, SSA LARRY CORDELL

ST

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F 8 297

NICARAGUAN ACTIVE MEASURES PROGRAM DIRECTED AGAINST LIEUTENANT COLONEL OLIVER NORTH/NATIONAL SECURITY COUNCIL;

OO:WFO

ALL MARKINGS, NOTATIONS AND ITEMS OF INFORMATION CONTAINED IN THIS COMMUNICATION ARE CLASSIFIED "SECRET" UNLESS OTHERWISE NOTED.

RE WFOTEL TO FBIHQ, DATED 5/26/86, CAPTIONED "RUFIJI; FCI-NU; OO:WFO".

WFO HAS REVIEWED THE STATUS OF CAPTIONED INVESTIGATION AS WELL AS ANALIZED THE INFORMATION PROVIDED BY LIEUTENANT COLONEL NORTH AND HAS SUBSEQUENTLY CORRELATED THE INFORMATION

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2-WFO
3-Bureau

KEA:cjc
(5)

DE-145

[redacted]

4/20/88

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AGAINST SPECIFIC CONTRA VOTE DATES PROVIDED BY FBIHQ CONGRESSIONAL LIAISON. THROUGH WFO'S INVESTIGATION, IT HAS BEEN DETERMINED THAT THERE IS A DEFINITE ASSOCIATION BETWEEN THE DATES OF THE CONGRESSIONAL VOTES ON CONTRA AIDE TO THE NICARAGUAN REBELS AND THE "ACTIVE MEASURES" BEING DIRECTED AGAINST LIEUTENANT COLONEL NORTH. IN ADDITION TO THE ABOVE, WFO HAS OBTAINED A COPY OF A CIVIL COMPLAINT TAKEN IN THE SOUTHERN DISTRICT OF FLORIDA FILED ON MAY 29, 1986 AND ON REVIEW HAS DETERMINED THAT THE CIVIL COMPLAINT MAY BE YET ANOTHER ACTIVE MEASURES PROGRAM PRIOR TO THE JUNE 19, 1986 CONTRA AIDE VOTE. AS IN THE PAST, THE ACTIVE MEASURES CIVIL SUIT IS DIRECTED AT NORTH, AND SPECIFIC CHARGES IN THE CIVIL COMPLAINT MAY BE DROPPED IF THE CONTRA VOTE FAILS IN THE U.S. CONGRESS. THE CIVIL COMPLAINT NAMES NUMEROUS INDIVIDUALS WHICH ARE PRESENTLY AIDING THE CONTRA EFFORT UNDER COLONEL NORTH'S DIRECTION. THE PURPOSE OF THE CIVIL COMPLAINT MAY BE TO DISCLOSE THE IDENTITY AND METHODS, THROUGH THE USE OF THE U.S. COURT SYSTEM, OF PERSONS IN SUPPORT OF THE CONTRA VOTE. THE ABOVE INFORMATION WITH

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RESPECT TO THE CIVIL SUIT IS AN OBSERVATION.

ON JUNE 3, 1986, WFO MET WITH COLONEL NORTH IN ORDER TO OBTAIN ADDITIONAL INFORMATION WHICH MAY ASSIST IN ADDING MORE INFORMATION OF INVESTIGATIVE VALUE TO REFERENCED COMMUNICATION. AT THIS MEETING NORTH EXPRESSED GREAT CONCERN THAT INFORMATION HE HAD PREVIOUSLY PROVIDED HAD NOT BEEN ACTED UPON BY WFO. IT SHOULD BE POINTED OUT THAT WFO HAD NO SPECIFIC INSTRUCTIONS OTHER THEN THOSE INSTRUCTIONS RECEIVED BY SA DAVID BEISNER IN A MEETING WITH DEPUTY ASSISTANT DIRECTOR PHIL PARKER AND UNIT CHIEF JIM EGBERS. IN THE ABOVE MEETING, WFO WAS TO TAKE NO SPECIFIC INVESTIGATIVE STEPS INTO ALLEGATIONS OF ACTIVE MEASURES DIRECTED AGAINST NORTH.

NORTH EXPRESSED SPECIFIC CONCERN AS TO WHY NO ACTION HAS BEEN TAKEN REGARDING THE FOLLOWING:

1. NO INTERVIEW OF [redacted] CENTRAL INTELLIGENCE AGENCY (CIA), IN ORDER TO OBTAIN ANALYTICAL ASSISTANCE AND INFORMATION CONCERNING ACTIVE MEASURES CAMPAIGN.

2. LACK OF CONTACT WITH NATIONAL SECURITY OFFICER FRED COLCON FOR ANY INFORMATION CONCERNING DRUG CHARGES

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LEVELED AGAINST NORTH.

3. NO INTERVIEW OF DANIEL SHEEHAN OF THE CHRISTIE INSTITUTE CONCERNING THE SOURCE OF ALLEGATIONS HE PROVIDED AGAINST NORTH.

4. NO CONTACT OR INTERVIEW WITH LEONARD DOWNING OF THE WASHINGTON POST CONCERNING THREATENING TELEPHONE CALLS HE ALLEGEDLY RECEIVED FROM LIEUTENANT COLONEL NORTH.

5. NO REVIEW OF ANY CHARGES PLACED BY SENATOR KERRY AGAINST NORTH, NOR ANY ATTEMPT TO OBTAIN THE INFORMATION PRESENTLY AT THE DEPARTMENT OF JUSTICE (DOJ) INVOLVING SENATOR KERRY'S ALLEGATIONS.

6. NO INTERVIEW OR CONTACT OF SENATOR DURENBERGER AND HAMILTON CONCERNING THE SOURCE OF CHARGES THEY BROUGHT AGAINST COLONEL NORTH IN AUGUST, 1985.

7. NO INVESTIGATION BEING CONDUCTED WITH THE METROPOLITAN POLICE DEPARTMENT (MPD) IN ORDER TO CHECK THE NUMBER OF VANDALISM INCIDENCES ON THE ELLIPSE IN WASHINGTON, D.C. DURING AUGUST AND SEPTEMBER, 1985, WHEREIN NORTH'S PERSONAL VEHICLE WAS VANDALIZED. NO EFFORT HAS BEEN

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PAGE FIVE DE WF 0028 S [illegible]

MADE TO DETERMINE IF NORTH'S VEHICLE WAS THE SOLE TARGET OF ANY VANDALS DURING THAT PERIOD. F B 290?

AT THE SAME MEETING, NORTH EXPRESSED FURTHER CONCERN THAT HE MAY BE TARGETED FOR ELIMINATION BY ORGANIZED CRIME DUE TO HIS ALLEGED INVOLVEMENT IN DRUG RUNNING IN VIEW OF THE MURDER ON FEBRUARY 17, 1986 OF A DRUG ENFORCEMENT ADMINISTRATION (DEA) AGENT STEELE, ON THE DATE PRIOR TO STEELE'S TESTIFYING AGAINST THE SANDINISTA DRUG INVOLVEMENT.

BASED ON THE ABOVE, AND THE RESTRAINTS PLACED ON WFO WITH RESPECT TO ANY FURTHER INVESTIGATION, WFO IS PLACING THIS MATTER IN A CLOSED STATUS FOR THE FOLLOWING REASONS:

ALTHOUGH THE ALLEGATIONS MADE BY LIEUTENANT COLONEL NORTH MAY BE THE RESULT OF AN ACTIVE MEASURES PROGRAM DIRECTED PRIMARILY AGAINST THE REAGAN ADMINISTRATION'S EFFORT TO SECURE 100 MILLION DOLLARS IN MILITARY AIDE TO THE CONTRA, AND SPECIFICALLY DIRECTED AGAINST LIEUTENANT COLONEL NORTH, AS THE ADMINISTRATION'S PRINCIPAL AGENT IN SUPPORT OF THE CONTRA, WFO IS UNABLE TO RESOLVE THE IDENTITY OF THE ORIGINATOR OF THESE ACTIVITY MEASURES. FURTHER, WFO HAS NO PREDICATION INTO THIS INVESTIGATION.

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PAGE SIX DE WF 0028 S E C R E T

IF FBIHQ REQUIRES ANY FURTHER ACTION BY WFO, WFO IS REQUESTING SPECIFICS REGARDING ANY FURTHER INVESTIGATION AND IS REQUESTING THAT THIS INFORMATION BY SET FORTH ALONG WITH APPROPRIATE INVESTIGATIVE ASSISTANCE.

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by B. Reger, National Security Council

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CHAPTER 13. THE NEED TO PATCH LEAKS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 14. RECOMMENDATIONS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

ADDITIONAL VIEWS OF
HONORABLE PETER W. RODINO, JR.,
HONORABLE DANTE B. FASCELL, VICE CHAIRMAN,
HONORABLE JACK BROOKS,
AND HONORABLE LOUIS STOKES

Ex. 3

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Ex. 4

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Ex. 5

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Ex. 11

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By ... U.S. Department of State

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FM MIAMI (2-696) (P)

TO DIRECTOR IMMEDIATE

LOS ANGELES (2-414) IMMEDIATE

BIRMINGHAM IMMEDIATE

HOUSTON IMMEDIATE

NEW ORLEANS IMMEDIATE

BT

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2-211

ATTN: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION JIM ADAIR;
NEUTRALITY MATTERS - NICARAGUA; OO: HOUSTON

IN REFERENCED TELETYPE, THE L.A. DIVISION REPORTED THAT LARRY SPIVEY, TELEVISION PRODUCER, STATED THAT THOMAS VINCENT POSEY, (X), JACK TERRELL (X), AKA EL PLACO AND POSSIBLY (X) JOSE COBLINCK, A CUBAN BUSINESSMAN RESIDING IN MIAMI, WERE GETTING READY TO TRAVEL [redacted] TO TAKE PART IN SOME TYPE OF "MAJOR MILITARY ACTION" AGAINST NICARAGUA. SPIVEY IS INTERESTED IN [redacted] HUMAN INTEREST STORY ON [redacted] "CONTRAS." [redacted]

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FBI - HOUSTON

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OFFER TO DO HIS STORY BUT HE (POSEY) DID NOT RESPOND. SUBSEQUENTLY, JIM ADAIR, WHO WRITES FOR "EAGLES MAGAZINE," WHICH IS A LOW-GRADE SOLDIERS OF FORTUNE MAGAZINE CALLED SPIVEY FROM HOUSTON, TEXAS AND OFFERED HIM THE RIGHTS TO AN ACTION THAT PRIVATE U.S. CITIZENS WERE TO CARRY OUT AGAINST NICARAGUA ON JANUARY 6-8, 1985.

ON JANUARY 5, 1985, SPIVEY CONTACTED THE L.A. DIVISION FROM MIAMI, FLORIDA, STATING THAT POSEY AND SEVERAL OTHERS WERE CHECKED IN AT A HOWARD JOHNSON'S MOTEL IN MIAMI AND WERE PLANNING TO LEAVE [redacted] ON JANUARY 7, 1985, FLYING TO HONDURAS.

ON JANUARY 6, 1985, LARRY SPIVEY, 15851 SHERMAN WAY, CALIFORNIA 91406, UNIT 197, TELEPHONE NUMBER (818) 981-7555, ADVISED THAT POSEY FOUNDED THE CIVILIAN MILITARY ASSISTANCE (CMA), AN ORGANIZATION BASED IN HUNTSVILLE, ALABAMA, WHICH HAD TWO MEMBERS DOWNED IN A HELICOPTER INCIDENT NEXT TO THE NICARAGUAN BORDER. SPIVEY STATED THAT POSEY IS A WELL-MEANING EX-MARINE, WHO WANTS TO DEFEAT COMMUNISM BUT NOT BY "KILLING PEOPLE." HE SAID THAT HE HIS SELF HELPING THE "CONTRAS" [redacted] WITH TRAINING AND SUPPLIES.

SPIVEY STATED THAT EL SALVADOR WOULD NOT BE INVOLVED IN

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BE JACK TERRELL, JOINED THE CMA AND GAVE POSEY $30,000.00. TERRELL IS SUPPOSED TO BE AN EX-MARINE COLONEL AND ACCORDING TO SPIVEY IS UNSTABLE AND COULD JEOPARDIZE U.S. INTERESTS IN CENTRAL AMERICA.

SPIVEY ADVISED THAT POSEY IS A SINCERE AND HONEST LOYAL AMERICAN WHO WOULD BE WILLING TO FULLY COOPERATE WITH THE U.S. GOVERNMENT, BUT IS NAIVE AND COULD BE COMPROMISED IF NOT DIRECTED.

JOSE COUTIN, 8111 NW 6TH STREET, TELEPHONE [redacted] ADVISED HE IS THE REPRESENTATIVE OF THE CMA IN THE MIAMI AREA. HE STATED HE WAS PLANNING TO GO [redacted] ON JANUARY 7, 1965, WITH POSEY AND EL FLACO, WHO HE KNEW WAS JACK TERRELL, BUT WAS NOT SURE WHETHER HE (COUTIN) COULD MAKE THE TRIP BECAUSE HE LACKED THE FUNDS. HE STATED THAT THEY WERE SUPPOSED TO LEAVE MIAMI INTERNATIONAL AIRPORT AT 2:00 P.M. AND ARRIVE AT COSTA RICA AT 3:30 P.M., BUT HAD NONE OF THE DETAILS REGARDING THE DEPARTURE BECAUSE HE HAD NOT MADE THE RESERVATIONS AND DID NOT KNOW WHO HAD. COUTIN SAID THEY PLANNED TO TRAVEL [redacted] TO INSPECT THE TERRAIN IN ORDER TO SET UP A TRAINING CAMP THERE. NO WEAPONS OR AMMUNITION WERE TO BE TAKEN OUT BY THE [redacted]

COUTIN ADVISED [redacted] TO [redacted] [redacted] IN AN ATTEMPT TO [redacted] OF THE ORGANIZATIONS WHO HAS

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COMBATING SANDINISTA FORCES IN NICARAGUA. COUTIN STATED THEY WERE SUPPOSED TO STAY [redacted] FOR ONE WEEK.

COUTIN ADVISED HE DID NOT KNOW WHERE TERRELL LIVES, BUT STATED HE CAN REACH HIM THROUGH TELEPHONE NUMBER [redacted] WHICH IS LOCATED IN ALABAMA.

COUTIN ADVISED HE CONTACTED POSEY BY TELEPHONE RIGHT AFTER THE HELICOPTER CRASH IN NICARAGUA AND EXPRESSED HIS SOLIDARITY FOR HIS CAUSE. DURING NOVEMBER OF 1984, POSEY CAME TO MIAMI AND COUTIN MET HIM PERSONALLY, PLEDGING HIS COOPERATION. THEY INITIALLY HOPED TO SEND 7 TO 8 INSTRUCTORS [redacted] EVENTUALLY REACHING A TOTAL OF 20. THESE INSTRUCTORS WILL TEACH THE "CONTRAS" [redacted] MAINTENANCE OF WEAPONS, GUERRILLA WARFARE TACTICS, FIRST-AID, ETC. NONE OF THE INSTRUCTORS WERE TO BECOME INVOLVED IN THE ACTUAL FIGHTING.

ON JANUARY 6, 1985, THOMAS VINCENT POSEY ADVISED HE WAS PLANNING TO TRAVEL [redacted] ON JANUARY 9, 1985, WITH JOE WILLIAMS AND JACK TERRELL, AKA EL PLACO. TERRELL IS A FORMER MARINE MAJOR AND WILLIAMS, A FORMER PAN AMERICAN SHOOTING CHAMPION AND MARINE WHO WAS BORN IN ST. LOUIS, MISSOURI. POSEY BELIEVES THAT TERRELL MADE THE TRAVEL ARRANGEMENTS. THEY WERE SUPPOSED TO LEAVE THE MIAMI INTERNATIONAL AIRPORT AT [redacted] ON JANUARY 9, 1985, EN ROUTE TO

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[redacted] AND FROM THERE, TRAVEL TO [redacted] (CHECK WITH MIAMI INTERNATIONAL AIRPORT INDICATED THAT TAN AIRLINES HAD A FLIGHT FROM MIAMI TO [redacted] WHICH DEPARTED AT 6:20 A.M., JANUARY 7, 1985.)

POSEY STATED THAT THE REASON FOR THE TRIP [redacted] WAS TO BRING TOGETHER ALL OF THE "CONTRA" ORGANIZATIONS ACTIVELY COMBATING SANDINISTA FORCES. POSEY STATED THAT THE MAIN GROUPS WHICH ARE ACTIVE ARE: FDN, ARDE, AND THE MESQUITOS. HE STATED THAT ARDE IS IN DISARRAY AND THAT EDEN PASTORA IS AN INEFFECTIVE LEADER. HE SAID THAT STEADMAN FAGOTH IS A GOOD LEADER WHO WILL FIGHT WITH HIS TROOPS AND STATED THAT ADOLFO CALERO IS JUST ANOTHER POLITICIAN WHO IS NOT LIKED BY HIS PEOPLE.

POSEY CONTENDED THAT HIS MAIN OBJECTIVE [redacted] WAS TO TRAIN THE "CONTRAS." HE ADVISED THEY WERE NOT PLANNING TO TAKE ANY WEAPONS FROM THE UNITED STATES [redacted] AND WHILE THERE, THEY WOULD ONLY CARRY A SIDE-ARM FOR PERSONAL PROTECTION.

POSEY ADVISED HE FIRST MET JOSE COUTIN A MONTH AND ONE HALF AFTER THE DOWNING OF THE HELICOPTER IN NICARAGUA AND THE DEATH OF JIM DANA. COUTIN BECAME THE PRESIDENT OF THE MIAMI CHAPTER OF THE CMA. TO DATE, THE ORGANIZATION HAS ONLY BEEN ABLE TO RAISE $2,500

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POSEY STATED THAT HIS ORGANIZATION CONSISTS OF 10 TO 12 PEOPLE. THEY HAVE NO POLITICAL AMBITIONS, BUT WISH TO HELP IN CENTRAL AMERICA AND WOULD NOT DO ANYTHING TO VIOLATE U.S. NEUTRALITY LAWS. POSEY ALSO SAID HE DID NOT WISH TO DO ANYTHING WHICH WOULD JEOPARDIZE U.S. INTERESTS IN THAT AREA. POSEY CONTENDED THAT ADOLFO CALERO PROMISED HIM A TRAINING BASE TO OVERTHROW FIDEL CASTRO ONCE NICARAGUA WAS FREED FROM THE SANDINISTAS.

POSEY ADVISED THAT PABLO DANIEL ORTEGA, WHO RESIDES IN HOUSTON, TEXAS, DONATED TWO CESSNAS 172 WITH MEXICAN REGISTRY. EACH PLANE CAN CARRY FROM 480 TO 668 POUNDS OF SUPPLIES PLUS THE PILOT. ORTEGA AND AN ASSOCIATE OF HIS WHO WORKS FOR U.S. CUSTOMS PLANS TO FLY THESE PLANES [redacted] WHICH WOULD BE USED TO SUPPLY THE "CONTRAS" WITH FOOD AND MEDICAL SUPPLIES.

POSEY STATED THAT [redacted] HE WAS SUPPOSED TO MEET WITH A JOHN HALL, AN AMERICAN, WHO HAS A RANCH THERE AND IS ASSISTING THE "CONTRAS." POSEY WAS PLANNING TO PUT HALL IN CONTACT WITH LEADERS OF REBEL FORCES. POSEY STATED THAT HE AND JACK TERRELL WERE QUESTIONED IN NEW ORLEANS BY THE FBI REGARDING THEIR ACTIVITIES IN CENTRAL AMERICA.

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POSEY PROVIDED HIS OWN BACKGROUND INFORMATION:

NAME - THOMAS VINCENT POSEY; WHITE MALE; DOB JUNE 3, 19[redacted]; POB HUNTINGTON, WEST VIRGINIA; HEIGHT 6 FEET; HAIR LIGHT BROWN; EYES BLUE; BUILD MEDIUM; SSAN [redacted] AND 353-3191 (BUSINESS).

ON JANUARY 7, 1988, POSEY TELEPHONICALLY CONTACTED AN FBI AGENT ASSIGNED TO THE MIAMI DIVISION AND STATED THAT JOHN HULL AND HIS RIGHT-HAND MAN, MARIO, CLAUD HAD ARRIVED IN MIAMI AND WERE ATTEMPTING TO GET MARIO CALERO TO SEPARATE FROM HIS BROTHER, ADOLFO, IN ORDER TO ESTABLISH A SOUTHERN FRONT [redacted] HULL SAID HE COULD INFLUENCE EDEN PASTORA TO WORK WITH THEM. TERRELL WAS INSTIGATING THE DEVELOPMENT OF ABOVE-DESCRIBED SCENARIO. POSEY STATED HE WOULD CONTINUE TO REPORT TO THE FBI NEW DEVELOPMENTS.

REQUEST OF THE BUREAU: FBI HEADQUARTERS IS REQUESTED TO DISSEMINATE ABOVE INFORMATION TO OLIVER NORTH, NATIONAL SECURITY COUNCIL, WHITE HOUSE.

BIRMINGHAM AT HUNTSVILLE, ALABAMA: POSEY STATED HE HAS BEEN PREVIOUSLY CONTACTED BY FBI AGENT GWYNNE L. HUFFER, WHOM HE TRUSTS. IT IS REQUESTED THAT SA HUFFER MAINTAIN CONTACT WITH POSEY

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IN ORDER TO DEVELOP HIM AS A POSSIBLE SOURCE.

NEW ORLEANS AT NEW ORLEANS: REPORT RESULTS OF INVESTIGATION

REGARDING [redacted] TO ALL INTERESTED OFFICES.

HOUSTON AT HOUSTON, TEXAS: LOCATE AND INTERVIEW JIM ADAIR AND PABLO DANIEL ORTEGA. THROUGH ORTEGA, IDENTIFY PILOT WHO ALLEGEDLY WORKS FOR U.S. CUSTOMS.

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Ex. 12

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U.S. Department of Justice

Federal Bureau of Investigation

Office of the Director — Washington, D.C. 20535

April 22, 1987

Honorable David L. Boren
Chairman, Senate Select Committee
on Intelligence
United States Senate
Washington, D. C.

Dear Mr. Chairman:

In a recent conversation with Assistant Director William M. Baker, Sven Holmes and other members of your Committee staff requested that we respond to allegations made in the April 20, 1987, issue of Newsweek and the April 15, 1987, issue of the Philadelphia Inquirer that the FBI furnished documents about Contra activities to Lieutenant Colonel Oliver North.

The results of an internal inquiry into this matter by the FBI are furnished in the attached memorandum.

Please don't hesitate to contact me if I can be of any further assistance.

Sincerely,

William H. Webster
Director

by Anthony E. Daniels

Enclosure

Declassified/Released on 4/20/88
under provisions of E.O. 12356
by S. Reger, National Security Council
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JIM ADAIR
NEUTRALITY MATTERS - NICARAGUA

In response to reports appearing in the April 20, 1987, issue of Newsweek and the April 15, 1987, Philadelphia Inquirer, alleging the FBI furnished LTC Oliver L. North with documents about Contra activities, an internal inquiry was instituted by FBI Headquarters (FBIHQ).

Basis for captioned investigation

A review of available information reveals that on December 28, 1984, the U.S. Department of State (USDS) advised the FBI they received a call on December 21, 1984, from Larry Spivey who said he was producing a television documentary entitled "Victims for Victims" which would deal with American citizen military involvement in Nicaragua. According to the USDS, Spivey had information concerning the plans of a group of private American citizens who were planning a "dramatic action" against the Government of Nicaragua. The person mentioned by Spivey as the source of his information was one Jim Adair of Houston, Texas. The Civilian Military Assistance (CMA) Group, located in Alabama, was also mentioned by Spivey during his recitation of events dealing with possible actions against the Government of Nicaragua.

In response to the above USDS report, the FBI, after receiving authorization from the U.S. Department of Justice (DOJ), instituted a Neutrality Act investigation. A teletype was transmitted to Los Angeles, FBI, on December 28, 1984, requesting the interview of Larry Spivey. Houston, FBI, was requested to check the name Jim Adair through their office indices and to initiate appropriate agency checks. In addition, the above information was also furnished to the FBI in Birmingham, Alabama, inasmuch as CMA was known to be headquartered in Decatur, Alabama.

Investigation by Los Angeles Field Office

On January 5, 1985, Special Agent (SA) Michael N. Boone, Los Angeles, FBI, the investigator assigned to this case, transmitted a teletype to FBIHQ, Birmingham, Houston, and Miami Field Offices reporting that he received a telephone call from

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Spivey who was calling from Florida. Spivey furnished additional details concerning the proposed action in Nicaragua. He named the principal planners as Tom Posey and a man known only to him as Colonel Flaco (phonetic). Spivey related that Posey had informed him that an armed invasion of Nicaragua was to be launched from Costa Rica culminating with the establishment of a provisional government in opposition to the Sandinista regime. He further advised that Posey had met with Adolfo Calero, who was characterized as a leader of the Contra movement.

Spivey commented that he had related much of this information to Oliver North of the National Security Council (NSC). According to Spivey, North was concerned that such an action in Nicaragua could cause serious foreign policy damage and that it was highly likely any poorly organized action would be foiled, resulting in the possible capture of United States citizens in Nicaragua which would be contrary to national policy.

SA Boone contacted by Lt. Col. North

The January 5, 1985, Los Angeles teletype referred to above, noted that SA Boone had been telephonically contacted by Oliver North. North advised he had been in contact with Adolfo Calero who was not in favor of the planned invasion, stating such activities would do extreme damage to the Contra movement. Calero further advised that many of these men were very dangerous and misdirected and that Colonel Flaco was an extreme personality and was moving the group in the wrong direction. Calero advised, according to North, that Colonel Flaco and many of the other participants had weapons, some of which appeared to be illegal. North requested that no mention be made of Calero in connection with this matter due to the sensitive nature of his association with the U.S. Government.

On April 15, 1987, SA Boone was contacted by FBIHQ and requested to recount his discussion with Oliver North concerning this matter. SA Boone recalled he was contacted by Oliver North on or about January 5, 1985. SA Boone commented that he regarded such contact as highly unusual and was not certain at the time that the caller was genuine. In order to confirm his identity, North provided SA Boone with a telephone number and requested that SA Boone recontact him at that number. SA Boone did so and determined that this telephone number was in fact the White House switchboard number. During this recontact, North requested an update of the investigation. North also wanted to confirm that the FBI was investigating this matter, emphasizing that these reported plans regarding Nicaragua were contrary to White House policy. SA Boone was under the impression that North wanted to be certain the FBI was investigating this matter in an effort to interdict the group's activities. North stated he would report any additional information he might receive to the FBI.

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Investigation by FBI Miami

In response to the January 5, 1985, Los Angeles teletype sent by SA Boone, the Miami Field Office contacted Larry Spivey and conducted other investigation in this matter. Additional details concerning the plans of the subjects of this case regarding Nicaragua were established. Posey, and others, were interviewed.

SA George Kiszynski, who was the Miami Agent assigned to this investigation in 1985, advised FBIHQ on April 15, 1987, that he has never directly communicated with LTC Oliver North.

Dissemination to NSC

The Miami Field Office reported the results of its investigation in this case to FBIHQ via teletype on January 8, 1985, with copies to the Los Angeles, Birmingham, Houston, and New Orleans Field Offices. In view of the concern of Oliver North in this matter, which Miami had discerned from the January 5, 1985, Los Angeles teletype, Miami requested the substance of their teletype be relayed to Oliver North of the NSC by FBIHQ.

In addition, a teletype was transmitted to FBIHQ by FBI, Houston, on January 10, 1985, reporting a January 9, 1985, interview of James Bynum Adair of Missouri City, Texas, the subject of this neutrality investigation.

A review of files indicates that the January 8, 1985 Miami teletype and the January 10, 1985 Houston teletype were disseminated to the NSC by FBIHQ Supervisory Special Agent (SSA) John J. Newman.

When questioned about this dissemination on April 15, 1987, SSA Newman advised it was his judgment at the time that the information contained in the two communications could have been of use to the NSC for foreign policy considerations and elected to effect dissemination. SSA Newman stated he could recall no personal contact with Oliver North.

An informative note dated January 8, 1985 summarizing the contents of the Miami teletype of that same date and enclosing a copy of the communication was sent to the Director, who initialed it to the file. The note indicated that the Miami teletype was being disseminated to several Federal agencies including the NSC, without reference to Lt. Col. North.

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The neutrality investigation of Jim Adair was closed by the Houston FBI Office on September 12, 1985. A letterhead memorandum dated October 17, 1985 summarizing the results of that investigation was disseminated by FBIHQ to several Federal agencies including the NSC, without reference to Lt. Col. North. SSA Paul Lorenzetti, who was then a Supervisor at FBIHQ, advised on April 20, 1985 that he disseminated this document to the NSC because it was consistent with prior handling of communications in this case.

A review of the Adair file at FBIHQ conducted to date has not disclosed any dissemination of communications to the NSC or to Lt. Col. North other than the above described documents.

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HQ 2-211-4
Footnote 15

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ON JAN. 18, 1938, LADY [illegible] TELEPHONICALLY CONTACTED
GYNNE L. HUFFER AT HIS RESIDENCE IN HUNTSVILLE, AL. SPIVEY INDICATED
HE WAS CALLING FROM WASHINGTON, D. C. AND WAS WITH TOMMY POSEY. SPIVEY
INDICATED THAT IT WOULD NOT BE [illegible] TO MEET WITH
POSEY AT THE HUNTSVILLE [illegible]
PLANNED.

SPIVEY SPOKE FREELY [illegible]
MENTION OF THE [illegible]
OF THE NATIONAL [illegible]
FROM PLANT "SHOULD HAVE BEEN [illegible]

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SPIVEY ADVISED THAT SOMEONE IN THE ADMINISTRATION (UNK. WHO) HAD ASKED PRESIDENT RONALD REAGAN, "WHAT ARE WE GOING TO DO ABOUT TOMMY POSEY", TO WHICH THE PRESIDENT REPLIED, "WHAT DO YOU MEAN". ACCORDING TO SPIVEY THIS INDIVIDUAL IN THE ADMINISTRATION THEN ASKED "ARE WE GOING TO PROSECUTE HIM FOR VIOLATION OF THE NEUTRALITY STATUTE", TO WHICH PRESIDENT REAGAN REPORTEDLY STATED "NOT WHILE MY ADMINISTRATION IS IN OFFICE." SPIVEY STATED THAT THE PRESIDENT REGARDS POSEY AS A "NATIONAL TREASURE".

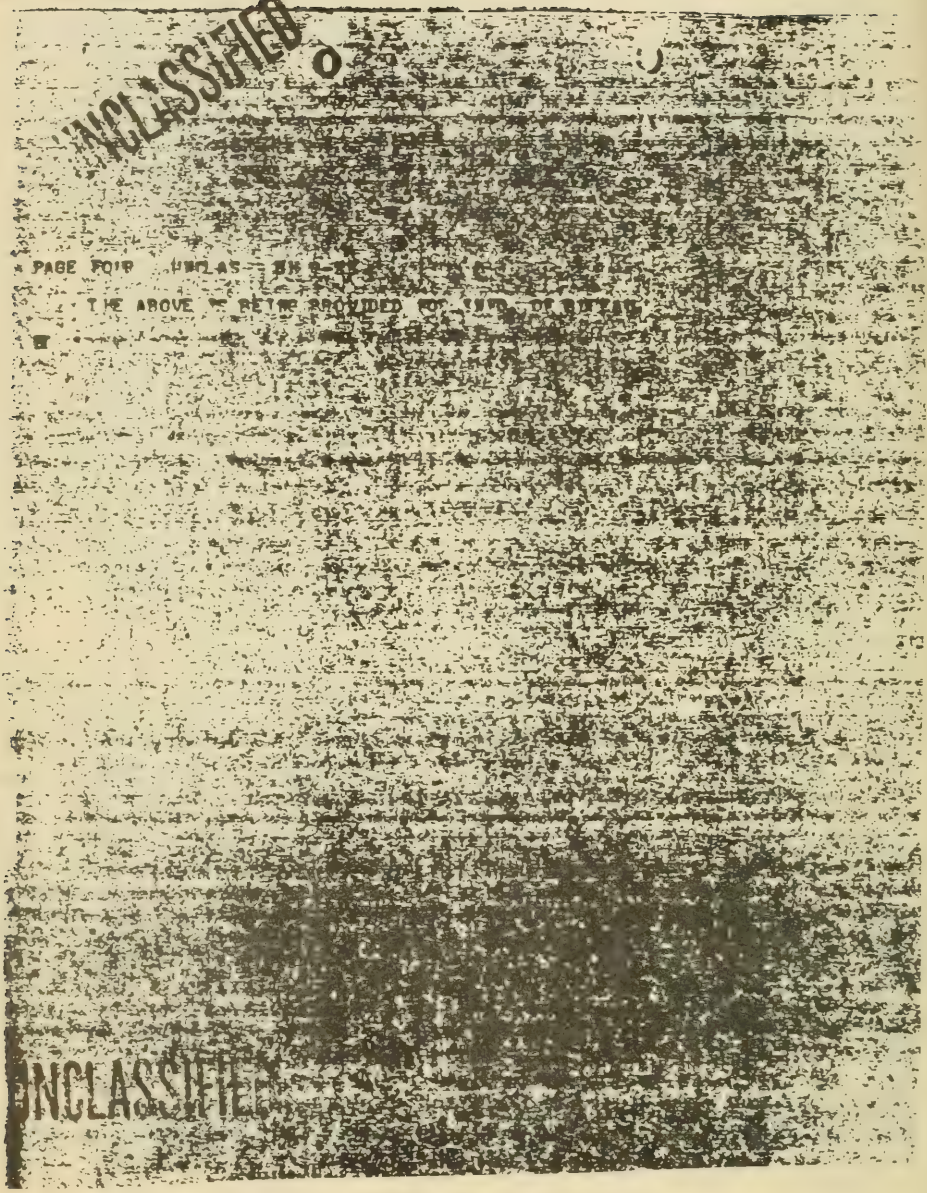
SPIVEY INDICATED THAT A FBI ASSISTANT DIRECTOR (NAME NOT KNOWN BY SPIVEY) WAS FOLLOWING THE POSEY CASE CLOSELY.

SPIVEY WAS ASKED HOW HE WAS INVOLVED IN THIS SETUP AND HE REPLIED THAT HE WAS PLANNING ON PRODUCING A SUPPORTING DOCUMENTARY FOR KEEPING TOMMY POSEY AND THE INA.

SPIVEY ADVISED THAT HE COULD BE REACHED THROUGH TELEPHONE NUMBER (202) 429-1700, EXT. 721, AND THAT TOMMY POSEY WAS STAYING AT A HOLIDAY INN IN WASHINGTON D.C. AND COULD BE REACHED THROUGH TELEPHONE NUMBER (202) 737-1200, ROOM [illegible].

SPIVEY CONCLUDED BY ADVISING THAT POSEY WOULD TELEPHONICALLY CONTACT SA [illegible] BEFORE HE [illegible] JETPORT.

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Ex. 17

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TOP SECRET

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Non-Log

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July 17, 1986

TOP SECRET

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

N 45918

FROM: OLIVER L. NORTH

SUBJECT: Terrorist Threat: Terrel

Several months ago, a U.S. citizen named Jack Terrel became an active participant in the disinformation/active measures campaign against the Nicaraguan Democratic Resistance. Terrel's testimony was used in the Avirgan/Honey suit in Costa Rica and has been entered in the Florida law suit against Richard Secord, et al. Terrel has appeared on various television "documentaries" alleging corruption, human rights abuses, drug running, arms smuggling, and assassination attempts by the resistance and their supporters. Terrel has also been working closely with various Congressional staffs in preparing for hearings and inquiries regarding the role of U.S. Government officials in illegally supporting the Nicaraguan resistance.

After the "West 57th" piece by CBS two weeks ago, Project Democracy officials decided to use its security apparatus to attempt to determine how much Terrel actually knows about their operations. One of the security officers for Project Democracy met several times with Terrel and evaluated him as "extremely dangerous" and possibly working for the security services of another country.

This afternoon, Associate FBI Director, Oliver Revell, called and asked for any information which we might have regarding Terrel in order to assist them in investigating his offer to assassinate the President of the United States. [redacted] The FBI now believes that Terrel may well be a paid asset of the Nicaraguan Intelligence Service (DGSE) or another hostile security service.

Mr. Revell has asked to meet with the Project Democracy security officer who has been meeting with Terrel. A meeting has been arranged for this evening. The FBI has notified the Secret Service and is preparing a counter intelligence/counter-terrorism operations plan for review by OSG-TIWG tomorrow.

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N 45919

It is interesting to note that Terrel has been a part of what appears to be a much larger operation being conducted against our support for the Nicaraguan resistance. We have not pursued this investigation -- which includes threatening phone calls to the managing editor of the Washington Post -- because of its political implications. It would now appear that [redacted] of Terrel's activities, this may well be much more than a political campaign.

RECOMMENDATION

That you discuss this matter with the Attorney General and the President, as appropriate.

Approve ____ Disapprove /s/

Ollie,

Give me another memo, for the President this time including the results of OSG. What do you want me to tell AG?

/s/

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Ex.18

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SYSTEM II
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THE WHITE HOUSE

WASHINGTON

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SECRET
INFORMATION

July 28, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

N 45896

SUBJECT: Terrorist Threat: Terrell

Issue

Anti-contra and anti-U.S. activities by U.S. citizen, Jack Terrell.

Background

Several months ago, a U.S. citizen named Jack Terrell became an active participant in the disinformation/active measures campaign against the Nicaraguan Democratic Resistance. Terrell has appeared on various television "documentaries" alleging corruption, human rights abuses, drug running, arms smuggling, and assassination attempts by the resistance and their supporters. Terrell is also believed to be involved with various Congressional staffs in preparing for hearings and inquiries regarding the role of U.S. Government officials in illegally supporting the Nicaraguan resistance.

Terrell was first interviewed by the FBI on March 5, 1986, as a cooperating witness in a neutrality investigation concerning alleged activities of the Civilian Military Assistance (CMA) group -- including weapons and narcotics smuggling, plotting the assassination of the U.S. Ambassador to Costa Rica, Lew Tambs, and bombing his embassy.

[redacted]

Discussion

The Operations Sub-Group (OSG) of the Terrorist Incident Working Group (TIWG) has made available to the FBI all information on Mr. Terrell from other U.S. Government agencies. Various government agencies -- Customs, Secret Service, the Bureau of Alcohol, Tobacco and Firearms -- have information on some of Terrell's activities and the FBI is currently consolidating this information for their investigation.

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The FBI reports that Terrell went to Miami, coincident with your visit on Wednesday. The FBI, in concert with the Secret Service, has Terrell under active surveillance [redacted] The FBI has advised that the non-U.S. Government supporters of the Nicaraguan resistance have been particularly helpful in this investigation.

N 45897

It is important to note that Terrell has been a principal witness against supporters of the Nicaraguan resistance both in and outside the U.S. Government. Terrell's accusations have formed the basis of a civil law suit in the U.S. District Court in Miami and his charges are at the center of Senator Kerry's investigation in the Senate Foreign Relations Committee. Since it is important to protect the knowledge that Terrell is the subject of a criminal investigation, none of those with whom he has been in contact on the Hill have been advised.

Prepared by:
Oliver L. North

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